BUSINESS WEEK

MAY 21, 1949



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BUSINESS WEEK INDEX

George B. Beitzel: Up through the selling side to Pennsalt presidency (page 6)

A McGRAW HILL PUBLICATION





Which man is worth more?

CAN all the minimum wage laws or collective bargaining in the world make the first man worth as much or earn as much as the second?

You know the answer is NO. The man with the pick can probably produce enough in one day to make himself worth, and so earn, about \$7. The second man can earn \$20.

What makes him worth \$13 more a day? The machine.

Then shouldn't the machine earn some-

thing, too? What would you say would be fair—the amount it *added* to the man's income—\$13?

Actually the machine will

get only a trifle. If many men had not saved their money and invested it in machines, the workmen of America would still be working with shovels and earning \$7 or less a day—because that's all they'd be worth.

Because American people bave saved their money and bave invested it in machines which make workers worth more, workers get American wages—the highest standard of living in the world.

So – attacks on machines and the profits which make them possible are really aimed at American high wages. Such attacks are beginning to show their foreign accent.



Cleveland



It's tough enough for a dog fight

Koroseal is a typical B. F. Goodrich product development

I is soft enough for a baby's skin, so makes wonderful baby pants and crib sheets, but also makes furniture upholstery so tough it's practically scuffproof and scratchproof.

How many other things can it improve? You business men with product problems can probably think of even more ways to use it than we can.

Koroseal flexible material is not rubber. It is made usually from limestone, coke and salt, sometimes from other raw materials. It may be in sheets of various thicknesses, films, coatings on fabrics, one or both sides, may be

molded or extruded into tubes or other shapes. (As a garden hose it's better than any material ever used before, is a third to a half lighter than ordinary hose.)

If you're getting a new travelling bag be sure to get Koroseal. It will stand more dropping, kicking, rubbing, scuffing, yet it's so easy to keep clean. Fresh dirt comes off with a damp cloth. Or you can use as much soap and water on it as you wish. It instantly looks like new again. That's true, too, of the upholstered chair in the picture.

Koroseal flexible material makes long-lasting shower curtains, raincoars that are permanently waterproof, tank lining for handling some kinds of acids that even rubber can't stand. It is used for dozens of other things and can be used for still more. If you have any product Koroseal might improve or any problem you think it might solve, write to The B.F. Goodrich Co., Koroseal Sales Department, Marietta, Ohio.

Koroscal - Trademark, Reg. U. S. Pat. Off.

B.F. Goodrich

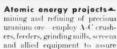
WHICH COMES The Chicken (FEED)

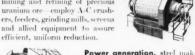
Allis-Chalmers Pioneers in All Phases Industrial Development

Vastly improved equipment for flour mills: A-C introduces new roller mill, all-metal purifier and free-swinging sifter that set new standards of sanitation and product quality.



Revolutionary new Allis-Chalmers tube-type, explosionproof motors are practically selfcleaning, cut maintenance costs. 28 soon to drive oil pumps on new Ft. Worth to Chicago pipeline.







Power generation, steel making, paper making-every basic producing industry-relies on A-C's 102 years of machine-building experience to speed to you their products for good living.

FIRST?... ... or the Egg (FOOD)



Make no mistake about it, feeding a nation calls for feed and food—plenty of both!

Poultry on American farms consume around 100 million tons of chicken feed each year—to provide Americans with some 3½ billion pounds of chicken and 55½ billion eggs.

And that's only a small fraction of America's food production—fresh, packaged, canned, frozen or dried!

Allis-Chalmers helps to make food U.S.A.'s $No.\ 1$ Industry... with its roller mills, sifters and purifiers in the nation's flour mills . . . its blowers, compressors, pumps and motors in canneries, processing, packing and quick-freeze plants . . . its tractors and harvesters on American farms.

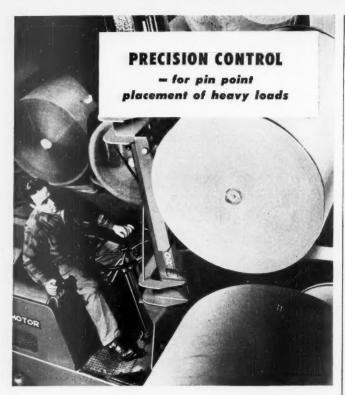
In fact, it's a rare industry indeed, that doesn't employ A-C machinery to help turn out its wares.

ALLIS-CHALMERS MANUFACTURING CO.

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One of the Big 3 in Electric Power Equipment – Biggest of All in Range of Industrial Products





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L EFFICIENT PLANT

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3. SOUND FINANCING

Stone & Webster alone can help you achieve all three

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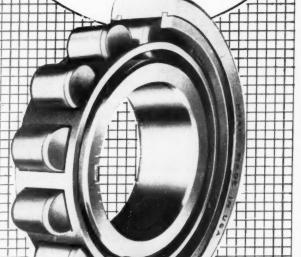
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THE COVER

George B. Beitzel, new president of Pennsylvania Salt Mfg. Co., has come up through the selling end of his company's operation. To him, Pennsalt's choice of him for the presidency is just evidence of a pretty general trend: to put salesmen in the saddle.

• Climbing—But judging by Pennsalt's record, it looks as though Beitzel might well take some credit to himself. He joined the Philadelphia company as sales manager in 1930, was elected vice-president in charge of sales in 1942. He became executive vice-president last January. In 1942, Pennsalt's net sales came to roughly \$19.6-million. In 1948, they hit a record—about \$32.4-million.

• Started Right—Certainly not to be overlooked, though, is the fact that a lot of the credit for the company's steady progress during the last 20 years goes to the man whose post Beitzel takes over. Leonard T. Beale, who now moves up to board chairman, had been president since 1928. Last year sales were 235% above 1929, the first full year Beale was in charge. Profits rose 71% in the same period; total company assets were 144% higher.

"Though Beitzel is now the boss, it's likely that he won't change company policy much. He and Beale have been business teammates for 35 years. The association started before either man came to Pennsalt, at the John T. Lewis & Bros. Co., a National Lead subsidiary.

Beitzel, 55 years old, graduated from the University of Pennsylvania. He has two children—a son at Amherst, and a daughter who is scheduled for Mt. Holvoke next year.

• Anniversary—In 1950 the new president will celebrate Pennsalt's 100 birthday with the rest of his employees. As the concern moves toward its centennial, it can boast the longest record of unbroken quarterly-dividend payments of any manufacturing company on the Big Board. It started in 1863.

-Cover photo by Frank Have



the <u>one</u> bookkeeping machine for manufacturers designed to speed and save on accounts receivable...

and here's why... The alert executive today is most conscious of reducing all costs, and this new Remington Rand machine has been geared to eliminate administrative wasteholes. It produces all the accounting records needed by manufacturers more efficiently and more economically than ever before. Here is how:

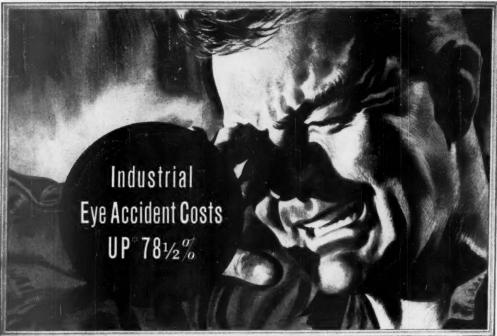
Faster results... every feature of this bookkeeping machine has been electrified. Balances are computed and printed automatically, and improved tabulation and high speed timing eliminate operator-strain—increase operator-worktime.

Simpler operation...two, three or more related records—sales journal with distribution, cash journal with distribution, or any others—are produced simultaneously—records for every breakdown, for every necessary department. New "snap-on" registers give extra flexibility . . . they're easily repositioned for any new application.

New functional design...many new, special features guarantee operator-owner appeal. This streamlined beauty has new organ type, finger-grooved keys—and uniform printing impressions are assured. The writing line is completely visible, and register totals are magnified for even easier reading. Yes, in every way it's designed to speed and save in your accounting administration.

But see for yourself. Call your nearby Remington Rand representative, or write for free booklet, "Fashioned for Business Administration." Remington Rand Inc., Dept. BW-5, 315 Fourth Ave., New York 10, N. Y.





While other high costs are "leveling off" Here's one you can cut to INSIGNIFICANCE

You don't have to wait for favorable market conditions to cut industrial eye accident costs. The costs of eye accidents are always high - but the cost of the protection that prevents *98% of the injuries is always infinitesimal in comparison.

Typical Case: A machinery manufacturer saved \$42,000 in annual eye accident costs after installing

an AO eye protection program. A check of your own eve injury costs and similar positive action can assure important savings for you. Ask your nearest AO Safety Products Representative for complete details.



Southbridge, Massachusetts Branches in Principal Cities

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BUSINESS OUTLOOK

BUSINESS WEEK MAY 21, 1949



Businessmen are experiencing in the first half of 1949 what a good many forecasters said wouldn't come until the second half:

Lower volume, lower prices, lower profits, lower employment.

For many companies, this is painful. For everybody, it's a bit frightening. But the real question is: Is it healthy?

This "correction" is essentially a shakedown to postwar normalcy.

With luck, the business curve should not go down very far. Nor should the recession (or whatever you call it) last very long. We could quite possibly be on the way up again before the year is out.

The Federal Reserve Board's index of industrial activity apparently will show April at 179. In May it probably will be between 175 and 179. June is likely to be under 175. Second-quarter average: about 175 or 176.

The third quarter probably will be a little slower still. And, by its end, this downturn in business will be just a year old.

Improvement should set in late this year or early next.

Biggest danger is that the shrinkage in consumer spending will frighten business into scrimping on modernization and expansion.

We have never had much of a recession when capital outlays have been high. (We are coming about as close now as we ever have.)

Big outlays on equipment stimulate the heavy industries. Big outlays on plant spur construction volume. Construction and heavy industry are big employers; they're big buyers, too, making business for others.

That explains the danger of lower spending on plant and equipment. Any real decline could postpone the date of the overall recovery.

Business already has curtailed its spending on inventories.

Some companies started to work off high-priced inventory a good while back (even though this didn't show up, in the aggregate, until March).

Success in working down inventory will be very important. It will avert distress selling. Once completed, it will mean reordering.

Business spending on inventory is almost as dynamic as capital outlays.

Industry's spending ideas, in the long run, always are shaped by the consumer's spending ideas.

That's one of the strongest points in the 1949-50 business outlook.

Consumers have been saving more and more out of income in the last few months. This has been added to liquid assets which already are large.

Consumers' current income is down a little over 3% from its 1948 peak. Yet it still is substantially above a year ago.

Income plus savings present a huge backlog of potential demand.

Many consumers have been priced out of the market for the things they need and want. Others have had the money but wouldn't pay going prices. Those are the major causes of the current "correction."

Prices have been coming down, and they will come down some more. This helps industry cut costs. It gradually will loosen consumer pursestrings.

There is little question that many consumer needs have not yet been

BUSINESS WEEK MAY 21, 1949

satisfied. This is nowhere so evident as in low-cost homes and for-rent housing. Close behind is demand for new autos and good used cars.

If prices are right—and if confidence is revived—these and many other things will sell.

And price cuts have been posted this week on items as diverse as cameras and tires, nylon hose and television sets.

Buying confidence won't come back to normal any time soon. This applies to both business and consumer buying.

The last six months have done a good deal to dampen confidence. That is always true of a time of business readjustment. People are afraid of their jobs. Employers are worried about sales, costs, inventories, and a myriad of allied problems. All this breeds uncertainty.

On top of that, there is the Truman social program on the political scene. There is Communism on the international scene. There is the danger of protracted strikes on the labor scene.

It's hard to tell how long these will hold back the recovery.

Business can draw some confidence from negative political developments. Little social legislation is going to pass at this session of Congress.

Action on a new tax law is almost certainly out for 1949.

But congressional talk of economy has yet to be matched by actions.

Policies of the federal government aren't helping business now.

However, government spending is a potent prop for the economy and a recovery force. Moreover, the government is now running a deficit and will continue to run one into the indefinite future (page 15).

Whether we like these things or not, they are important. Deficit spending tends strongly to stem the deflationary spiral.

And even deficit spending is better at this point than higher taxes.

Aluminum is the only major metal that has not been hit by the price readjustment in the nonferrous field (page 34).

Nor is it likely to be, for its postwar price advance has been slight.

But even in aluminum, the demand is down from the recent peak. This shows up in lower prices for aluminum scrap.

Economy in production can outweigh rising costs for some other item freight rates, for example.

Take these subsidiaries of Barium Steel: Barium Steel & Forge in Canton, Ohio, has closed its two relatively small open hearths. It is buying and hauling steel from affiliated Central Iron & Steel's bigger furnaces in Harrisburg, Pa. Economy more than pays the freight.

Similarly, a Detroit subsidiary has closed its electric furnaces and is also buying from the Harrisburg mill—again at a saving.

Cotton mills finally are taking heroic measures to clean up their glutted market. They used only 597,031 bales of raw cotton in April. That was the first month to fall under 600,000 since June, 1940.

Meanwhile, rayon stocks shot up to 64-million lb. at the end of April. (They had been under 20-million lb. throughout 1948.)

Rayon sales, down sharply, were less than stocks on hand last month.

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One of the many ways that

industry makes multiple savings with Gulf Quality Oils and Greases:



prevents corrosion on polished steel surfaces saves refinishing costs on overseas shipments

Paper machine dryer and calendar rolls must have a mirror-like surface to produce fine papers with a uniform, blemish-free finish.

An important foreign customer of a New England paper equipment manufacturer reported corrosion and pitting on its dryer rolls during transportation overseas. A regrinding operation was necessary before the rolls could be put in service. Effective protection against corrosion had to be found!

A Gulf Lubrication Engineer was consulted and his recommendations were followed to the letter. Result: corrosion entirely eliminated, regrinding costs saved, the customer completely satisfied!

Here are the suggestions made by the Gulf Lubrication Engineer: (1) clean surface with Gulf Stoddard Solvent; (2) apply Gulf No-Rust C (Polar type) to displace residual moisture; and (3) coat with Gulf No-Rust No. 3 to provide heavy protecting film against corrosion during overseas shipment.

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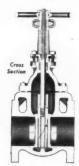
Not many industries have such direct responsibility to customers as have gas utilities. That's why so many gas companies rely on dependable Crane piping equipment in delivering their product safely and surely from source to user. At the same time they safeguard major investments in valves, fittings, and pipe, against excessive maintenance costs. The completeness of the Crane line—its dependable quality down to the last item—and Crane Co.'s nation-wide distribution are well-matched to the gas industry's—and every industry's—piping needs.

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Production of automo Engineering const. aw				\$23,499	†130,113 \$21,396	131,821 \$23,997	83,275 \$22,022	98,2 \$19,4
Electric power output				5,257	5,284	5,343	5,109	3.1
Crude oil (daily average				4,899	4,897	4,912	5,423	3,8
Bituminous coal (daily				1,867	†1,927	1,880	2,122	1,6
RADE			8					
Miscellaneous and L.C				72	74	73	84	
All other carloadings (56	57	53	63	
Money in circulation				\$27,452	\$27,447	\$27,507	\$27,762	\$9,6
Department store sales Business failures (Dur				+1% 171	-4% 193	+7% 184	+6%	+17
RICES (Average for								
Cost of Living (U. S.		atistics 1935.39 = 1	100) March 169.5			169.0	166.9	10
Spot commodity inde				344.2	344.1	351.0	419.1	19
Industrial raw materia				230.3	+231.7	235.7	276.4	13
Domestic farm produc	ets (U. S. Bureau of	Labor Statistics, A	ug., 1939=100)	290.2	287.8	288.1	382.0	14
Finished steel compos				\$93.55	\$93.55	\$94.91	\$80.27	656
	(Inon Ann Ann)						0001-	370
Scrap steel composite				\$22.75	\$22,75	\$22.75	\$40.66	\$19
Copper (electrolytic, C	Connecticut Valley,	lb.)		18.000€	18.265e	21.200€	\$40.66 21.500e	\$19 12.03
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THE BERMUDIANA
THE CASTLE HARBOUR THE ST. GEORGE In San Juan, Puerto Rico THE CARIBE HILTON (Opening late in 1949)

WASHINGTON OUTLOOK



DEFICIT SPENDING by the government is what you must count on for the months ahead.

The Treasury already is paying out more money than taxes are bringing in. Except for the congressional decree that \$3-billion of last year's whopping surplus be called this year's income, the government would today be over \$1-billion in the red

The prospect for fiscal 1950 is even redder.

Colin Stam, chief of the congressional fiscal staff, comes up with an estimated deficit of \$3-billion, or more. If anything, his estimate is low—it's based on a guess that revenues won't drop more than \$1-billion below this year.

No one wants to see deficit spending. But no one is willing to do what it takes to head off the deficit.

Truman, for his part, sticks doggedly to his January budget program—prepared before the business turndown. He insists his spending program can't be cut. He does call for \$4-billion more taxes—but he clings to the reasoning that it's to cut the national debt.

Congress, for its part, can't muster enough votes to really slash spending. Note that the Senate this week failed to make even its modest 5% trimming of the Labor-Federal Security money bill stick.

And instead of increasing taxes, congressmen see a growing need to stimulate buying by cutting back excises to prewar levels. Truman's own economic advisers privately agree that cutting excise levies would be good for business. But they say the government can't afford to lose the revenue.

Rather than write any new tax bill, congressmen are shopping around for schemes to juggle the books into balance for another year.

One idea that bobbed up this week: Make corporations pay up all calendar 1949 taxes by June 30, 1950, instead of by Qec. 15. That would add around \$5-billion to government collections in fiscal '50.

THE SAVINGS BOND DRIVE that started this week was born last December—when government still was tilting at inflation.

It takes four or five months to set up the radio spots, gear in the comic strips, date up the movie

stars. Once you've started, it isn't easy to stop—even if inflation disappears.

Besides, the Treasury thinks it's still a good idea to encourage thrift. And Savings Bond redemptions have been outstripping sales—by \$28-million in the first half of May.

Finally, the Treasury wouldn't mind seeing \$1-billion more of the national debt in private hands rather than in the banks.

So the bond drive goes on as scheduled.

THE BUYING STIMULUS expected from the \$2-billion refund on G.I. insurance premiums now bulks large enough in government minds that the checks may be pushed out next fall—instead of the spring of 1950, which is an election year.

THE NON-COMMUNIST AFFIDAVIT idea is spreading.

You soon may have to file one to appear before any federal agency—just as union officials do now to get the services of the labor board, just as management officials also will have to under the new labor law when Congress gets it written.

Sen. Wiley has a bill for it. He proposes that no federal agency accept applications for any kind of license unless its sponsors execute an oath that they (1) aren't Communists, (2) don't belong to any group for forcible overthrow of government.

Examples of what Wiley's bill would cover: stock registrations before the SEC; utility certificates from the FPC; airline-route requests to the CAB; export licenses from Commerce. Only exceptions: patents, trade-marks, copyrights.

EXTENSION OF RECIPROCAL TRADE for another two years beyond next month's deadline is a certainty.

The real debate in the Senate is not whether to extend the Hull program once again. Rather, the crucial issue is this: Shall the "peril point" feature that Republicans wrote into last year's extension of the law be kept?

The "peril point" clause permits the Tariff Commission—an agency responsible to Congress—to fix the point below which tariff cuts would hurt domestic business. If Truman, in negotiating new trade pacts, lets U.S. duties go below these points he has to explain to Congress why he did it.

Truman and Acheson don't like the "peril

WASHINGTON OUTLOOK (Continued)

point $^{\prime\prime}$ clause. They see it as a political string tied to their authority to cut U. S. tariffs.

To them—if there must be strings to trade pacts—an escape clause is better; that permits withdrawal of a concession after a showing that it is working hardship.

The House, weeks ago, O.K.'d extension of the reciprocal trade law the way Truman wants it.

Now, Republican senators—led by Millikin—are trying to write the "peril point" section into the House bill. Millikin calls the escape clause a fire extinguisher; to him, "peril point" is fire prevention.

Not even Millikin, however, predicts the G.O.P. can win the point. And, admittedly, if the "peril point" amendment loses, Republicans will split over straight extension. Enough will vote with the Democrats in favor, however, to insure passage.

INDEPENDENT NATURAL GAS PRODUCERS

are telling Truman he ought to drop Leland Olds from the Federal Power Commission when his term runs out next month.

Reason: They accuse Olds of a flip-flop that threatens them with federal regulation of the rates they charge pipeline distributors. And Olds casts the decisive vote in a badly split FPC when it comes to gas matters.

The producers think they have lined up Speaker Rayburn on their side. Rayburn has his own candidate for Olds' spot.

Agitation against Olds springs from his opposition to the Lyle bill specifically exempting intrastate gas producers from FPC regulation. Olds argued that FPC needs authority to look into producer rates as one way to keep consumer bills down.

Two years ago, to sidetrack another exemption bill, the FPC issued a policy statement promising to leave the independents alone—and Olds concurred.

STATE ON A BUDGET

Jim Webb, the man from Budget, now takes over the job of running the State Dept. on his own for the first time—until Secretary Acheson gets back from Paris.

You won't notice any change in the way State handles its affairs, except that you will be seeing Webb's name in the news instead of Acheson's.

Under Secretary Webb is a man who believes that the No. 2 man on a team has got to behave as the boss would.

Webb has always been a No. 2 man—since 1933. His No. 1 men have been a congressman, then a corporation president, a Treasury Under Secretary, the President of the United States, and, since January, Acheson.

You won't notice any change in the way State handles its affairs, as we said. But inside the department, the staff—from clerks to careerists—has known that Webb was on the job since the day he started.

After five months, there is a new tempo. As one careerist puts it: We even walk faster now.

For the first time, really, one hand of the department knows what the other is doing.

Each morning, at 9:30, Webb checks in with Acheson, talks out new developments, lays out the day's assignments.

Each Monday, Wednesday, and Friday, at 10:00, Webb presides at his own staff session with the assistant secretaries, geographic desk chiefs, top assistants.

At these sessions, each man is called on to spell out his division's position on a given problem. The others get a chance to tell what it would do to their operations.

Also, Webb won't tolerate sloppy work. He sometimes sends a man back to do the job over, even if there is no policy conflict.

Finally, Webb just last week forced the first step toward merging the autonomous Foreign Service with the staff here at home—an order wiping out the service's separate budget and hiring hall. Ultimate goal: creating One World within the department, instead of two.

Webb drives himself as hard as he does the department. He's at his desk before 9, stays till after 7, then takes a briefcase of papers home to study.

His objective is to build the department up to its postwar responsibilities—jolt it out of habits acquired before the war when the U.S. spent 15¢ per year per capita for foreign affairs. Today, we're spending \$48 per capita.

Webb's methods are those he practiced as Budget Director: to think ahead, plan for the obligations and responsibilities that today's decision will bring next month and next year.

His biggest complaint is that the department has traditionally operated by "responding to foreign cables as they come in."



Photo taken in Southern Illinois coal fields by William Vandivert

Offhand you might suppose that this huge tube is a factory smokestack. But it's really a spare "spoon handle" for a giant shovel used in surface coal mining. This big boom carries a price tag of \$12,500—which is a lot of money for a spare part. Yet if one such boom should fail, it would take over eight weeks to build a new one—tying up for the entire period a shovel costing more than \$650,000!

Mechanized mining calls for immense capital expenditures. A medium-sized loading machine now costs about \$20,000, a 6-ton electric shuttle buggy about \$12,000, and some mobile cutting machines cost as much as \$25,000, while the building and equipment of a modern preparation plant is a million-dollar project. Some large ones built since the war have represented an outlay of as much as \$7,000,000 each!

Today the progressive coal industry is carrying on a billiondollar mechanization program—designed to raise mine output of quality coal while keeping pace with the nation's increasing coal requirements. Better tools and working conditions for coal miners are matched by improvements in living conditions.

Today, almost two-thirds—more than 260,000—of the nation's bituminous coal miners either rent from private landlords or own their own homes, and home ownership among miners generally is on the increase. This is good for families and their companies alike. It gives to the miner the greater satisfaction and security that come with living in a "home of his own," and it frees management and capital for the big job of getting maximum coal production at the lowest possible cost.

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BUSINESS WEEK

NUMBER 1029 MAY 21, 1949





SHIPMENTS TO U.S., like these tin bars, help keep up . .

SHIPMENTS FROM U.S., such as this. The result is . .

A Bigger Year for U. S. Exports

First-quarter figures show 1949 is headed for an increase over 1948, despite lower prices. Cotton, grain, and semifinished goods are up most. Coal, autos, and some machinery down.

U.S. exports are moving ahead. That's the real story behind the March trade figures put out last week by the Commerce Dept.

During the first quarter, U. S. exports ran at an annual rate of \$13.1-billion— 4% ahead of last year. But because prices were sagging, the actual rise—in terms of volume—was greater than that. It came to nearly 10%.

 High Rate—Government analysts don't think the first-quarter showing is a freak. They look for the present rate to go right on all year—with an outside possibility that the total may hit \$13.5billion. That would make 1949 the third barget grapest garget years on years?

third largest export year on record.

The big "if" in the pencil pushers' picture is prices. If they crack, a lot of foreign buyers might hold off purchases in the hope of picking up goods at still lower prices. Then there would be no telling where our 1949 exports would wind up.

would wind up.

• Solid—But the chances are against a crackup. This year's exports have some solid stuff behind them.

Right off, there's the spending for

ECA, Greek-Turkish aid, civilian supply, military lend-lease, and Philippine rehabilitation. It's a cinch to run at least 20% ahead of last year. Exports financed by the Marshall Plan alone are expected to run between \$4- and \$5-billion this year—more than double 1948.

Exports Shift is Slight

	L. U.R.CO.	ME DY LOUBL
Canada		15%
Europe (Incl. U. K.) ERP countries36	37	35
Eastern Europe *		1
Latin America	24	25
Asia	19	18
Africa	4	6
Australia & Oceania.	2	1
Total	100%	100%
* Lese than 10/-		

But more spending for foreign aid isn't the whole story of why our exports are so high. The U.S. is now importing goods at a \$7.2-billion annual clip, a new peak. That's spreading Yankee dollars throughout the world—into Asia, Africa, Latin America, and Canada, as well as Europe. And these dollars are coming right back to the U.S. to buy our goods.

• Upturn?—There may even be an upturn in the rate of imports later this year. Here's why:

Some American importers are sitting on the sidelines, waiting for a devaluation of foreign currencies. They figure they can get goods cheaper—especially in the sterling countries—when rumored exchange revisions are put into effect (page 123). But most of these holdouts will probably get back into the market as they realize that the devaluation talk was premature. So that will spread more dollars abroad to buy more goods in the U.S.

• Analysis—An analysis of our firstquarter exports shows that the worldwide drive toward reconstruction is entering a new phase. Up through 1948, straight relief shipments—especially food of all kinds—accounted for a large percentage of our exports. Today, raw materials, semifabricated products, and some types of machinery are making a stronger showing. Here's the picture by major classifications:

	1949 Annual Rate Based on First Qtr. (millions)	From	
Crude materials	. \$1.865.2	+259	
Crude foodstuffs	. 1,586.0	+26	
Mfd. foodstuffs	. 1,015.2	-22	
Semimanufactures	. 1,536.8	+13	
Finished mfrs	. 6,924.4	_ 2	

Meantime, foreign buyers are getting more choosey. It wasn't so long ago that they would grab almost anything they could shake loose from our domestic economy. Now that the pipelines here are pretty well filled, more and more U.S. goods are waiting for takers—and customers abroad are shopping for the stuff they really want.

• Reserves—Actually, the rest of the world isn't importing all it could from the U.S. these days. As an indication, foreign countries are generally maintaining or expanding their gold and dollar reserves for the first time since 1946. Until recently, foreign countries were actually liquidating gold and dollars, on balance, so as to buy in this market.

That change—now just beginning to get under way—underlines the shift from "relief" to "recovery" in our export pattern. Also, it will one day give our customers abroad a cushion to fall back on should they need more hard cash to do more buying here.

• Same Pattern-Based on first-quarter figures, there haven't been any notable

shifts in the direction of U.S. exports as compared with 1948 (box, page 19).

Canada is still our biggest single customer, taking 14% of all U. S. exports. Europe is the most important geographic area, with 37%. Almost all of our shipments to Europe, however, are in the Marshall Plan area. Latin America's share as a customer is holding steady, at 24%.

• Review—Here's how government experts size up 1949 prospects in a dozen major export commodities:

Raw Cotton. Shipments may run as high as 5-million bales, almost 80% ahead of last year. Chief reason: Marshall Plan spending.

Tobacco. The British are definitely back in the market for cigarettes and tobacco products. So exports are expected to run from 10% to 15% ahead of 1948's total of 427 million lb.

of 1948's total of 427-million lb.

Coal. Production in Europe has recovered to the point where it can take care of almost all of its needs. For all areas, the 1949 export outlook is for upwards of 40-million tons. In 1948, almost 53-million tons of American coal went abroad.

Iron & Steel Mill Products. The annual rate of exports in the March quarter was higher than in 1948. However, the world steel trade is fast getting competitive. Chances favor a 1949 total about equal to the 4.4-million tons exported last year.

Crude Oil. Shipments abroad look about 20% lower than last year's 39.7-

million bbl. Growing output of Middle East oil is taking up the slack.

Rubber Manufactures. Foreign countries have gone a long way toward rebuilding their own capacities in this field. But demand this year should be about equal to 1948, when the industry exported 5125-million of tires and tubes, hose, belting, footwear.

Motor Vehicles. Exchange restrictions are hitting sales harder than over. Exports of passenger cars are now running more than 25% below 1948—when they approximated 205,000 vehicles. And the outlook is for a lower tate still. Because they're considered more essential, motor trucks and buses are doing better than passenger cars: they're off 12% from 1948's total of 196,000 units.

Cotton Cloth. Exports came to 940million square vd. last year. There's little prospect of topping that in 1949. Competition from other producers such as France, Italy, the U.K., and Belgium will see to that.

Industrial Chemicals. Although physical volume is holding up fairly well, prices in this field aren't what they used to be. Also, European countries are rebuilding their production. Exports this year may be 20% below the \$137-million of 1948.

Grain. Wheat shipments from the U.S. have already broken all records, and the 1949 total will be ahead of last year's 328-million bu. Corn exports in the March quarter alone were twice the total for all of 1948.

Machinery. As a group, machinery exports may dip 5% below the 1948 total of \$24-billion.

Electrical machinery will lead the way here with a probable drop of 15% from last year's \$490-million. Europe is rebuilding its own capacity, calling on us mostly for raw materials and seminished goods.

In metal-working equipment, Marshall Plan financing is now making it possible for Europe to buy needed tools and related machinery. Shipments are expected to equal last year's \$157-million.

In agricultural machinery, the outlook this year is also for a total about equal to that of 1948, some \$88-million. Manufacturers are now seeking out overseas business; demand abroad is still high

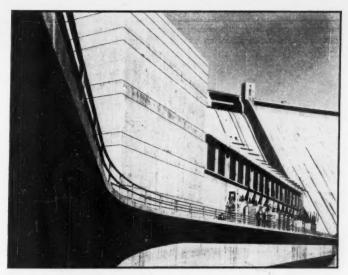
The construction and conveyingmachinery industry is out to build its exports, too. It ought to succeed this year—with war-torn nations in the recovery phase—to the tune of more than \$230-million, 10% ahead of 1948.

In mining, well, and pumping machinery, the annual rate of exports is about 18% ahead of 1948 (\$164-million). If anything, this rate is expected to rise as the year goes on. The Marshall Plan is turning the trick.



Kaiser Pushes the Button

To keep in finger-tip reach of his vast industrial ampire, Henry J. Kaiser has installed a 14.526-mi. transcontinental private wire system. Nerve-center of the network is at Kaiser's Oakland (Calif.) headquarters, where Kaiser pushed the starting button for the system (above). The streamlined console connects Kaiser simultaneously with plants and offices of each of his 26 enterprises across the country.



Shasta Dam Power Plant Goes Into Operation

With the opening of this power plant at the Shasta Dam, Californians are looking forward to no recurrence of last year's electric power shortage. The U. S. Burean of Reclamation recently cut in the last five 75,000-kw. generators, bringing the plant up' to its full capacity of 375,000 kw. Through sales of power to Pacific Gas & Electric Co., the plant should produce around \$7-million a year revenue.

Tool "Recovery" Overrated

Rumors of big rise in new machine-tool orders are unfounded. First quarter was better than end of 1948, but it wasn't up to what the industry considers "normal." Exports take 25% of total.

The routine spring meeting of the National Machine Tool Builders Assn., in Chicago last week, attracted far more than the expected attendance. Reason: There have been a lot of rumors floating around of a big revival in machinetool orders. And most of the companies in the industry, who hadn't seen any signs of a revival themselves, wanted to find out who was getting the business. · Not Good Enough-It has turned out that the report was greatly exaggerated. The only basis for the rumors was the fact that the first quarter of 1949. was better than the last quarter of 1948. And tool men were quick to point out that first-quarter sales were still well below what the industry considers normal: \$30-million a month.

The association's monthly figures are given only in the form of an index. But other sources close to the industry say that new orders totaled about \$26-million in January, \$24-million in February, \$28-million in March.

• Causes—There were two chief reasons for the rise in March: (1) Three or four

big domestic customers, who had sat on quotations for several months, placed their orders all at once; and (2) orders for export were high. Export volume, particularly from ECA, has been important all year. It has accounted for about 20% of all new business for several months, the figure rose to 27% in March.

It's estimated that April's total new orders were down about 20% from March, despite a slight increase in export business.

The industry as a whole is operating at about 20% of its wartime capacity. But there are wide variations. Some companies—mostly makers of heavy machines—have backlogs big enough to keep them going for a year. Others, that last year depended on contract work or tool-rebuilding to keep them in business, are finding even that kind of work disappearing this year. Over-all, the industry's backlog comes to about 4½ months' work.

• Gripes Against ECA-Orders from ECA continue to be of prime impor-

tance to the industry. But even that program came in for some pointed criticism at last week's meeting. For one thing, ECA doesn't permit any orders to be placed in the U. S. for a standard machine tool that is made in Europe.

Another gripe: The foreign orders are "badly distributed"; too many of them are going to just a few big companies. Chief reason for this is that ECA doesn't do the actual buying; the foreign governments do—and very little of it is done through purchasing commissions here (BW—Apr.16'49.p117). The natural result is that the bulk of the business is going to those tool builders who have salesmen—or at least good contacts—abroad.

Sohio Cuts Tire Prices, Others May Follow

Whisperings of a price war, shushed by the tire industry for some time, were hard to squelch this week.

Standard Oil Co. of Ohio blew the lid. On Wednesday, it announced cuts of 19% on passenger-car tires and tubes. Akron, quite frankly, was shocked.

Nobody was ready immediately to say that Sohio's action would touch off a price war. There were predictions, however, that the action was quite likely to lead to a general reduction in prices and a shortening of dealer discounts. (Sohio's cut dealers' discounts to 20% from 25%.)

One guess as to the reason for Sohio's cut is that its dealers were at a competitive disadvantage in having only one line of tires, Atlas; other oil companies and the tire makers have introduced from one to three lower-priced lines.

Other Standard Oil companies were expected to be the first to match the Sohio reductions.

U.S. GETS SUPPORT GRAIN

Uncle Sam has taken another deepand expensive-plunge in the grain market.

Commodity Credit Corp. announced this week that its latest weekly grain purchase totaled 102,214,721 bu. of wheat, barley, grain sorghums, and corn. Most of this was made up of grain on which farmers had taken out price-support loans; farmers let the government have it when the loan came due—at an average cost of about 52 a bu.

Much of these new purchases will be carmarked for the European aid program. During the first 10 months of the current crop year (ending June 30), foreign-aid shipments came to 579, 083,000 bu. of which 426,120,000 was wheat or flour equivalent. In the same period of the previous crop year, aid exports were 499,019,000 bu.



PAST Slowly but surely, the remaining mansions on Manhattan's upper Fifth Avenue are giving way to wrecking crews. This is the old Vanderbilt house on the corner of 51st St. Once the scene of glittering functions, it was razed last year to make way for . . .



PAST Metropolitan Life is busy close to home, too. The low 14-story building between its famous tower and new section has been razed . . .



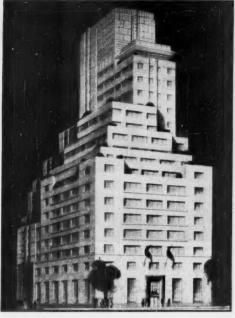
PRESENT In its place is rising the steelwork for the remaining part of its 31-story new section. When it is finished . . .



FUTURE The entire new section will look like this, brighten up Madison Square, and give Metropolitan 525,000 more sq. ft. of office space



PRESENT The new Crowell-Collier office building. The publishing company will occupy this successor to the mansion



FUTURE The building will look like this. It's owned by Metropolitan Life, leased to Crowell-Collier



PAST Another landmark gone forever is the famous old brownstone Mur-



PRESENT On the Murray Hill site is rising steelwork for the new 100 ray Hill Hotel, which was torn down in 1947 Park Ave. building, now in its early stages



FUTURE When it is finished, this 36-story air-conditioned building will tower over Grand Central Terminal

New York's Skyline Gets a Facelifting

New York City, ever growing and expanding, has been bursting at the seams for lack of office space since the end of the war. Though there were many plans on paper for new buildings at V-J Day, high construction costs made investors think twice before going ahead with them.

Now that is changing. Building costs are leveling off, productivity of labor is climbing, firm-bid contracts are coming back. And all over midtown the sound of tiveters at work on steel skeletons can be

heard. The three buildings shown on this page, plus another on the corner of 55th Street and Broadway, will add some 2 million sq. ft. of office space to the city's facilities. The four buildings alone represent an investment of \$50-million.



CLERKS AND STENOGRAPHERS wonder: Will we see . . .

Office Layoffs? Not Yet

With factory employment down, only first faint signs of white-collar layoffs can be seen. Production may be slow, but the paper work goes on.

Factory workers haven't been the only ones to get layoff notices in this spring's business dip. An increasing number of companies have tried to cut their overhead by trimming office forces.

 Hard to Cut—But a spot check last week of some of these companies shows that cutting the office staff isn't easy.
 The volume of paper work doesn't shrink automatically when production falls off. Sometimes it even increases—because the company puts on more selling pressure to round up new orders.

For example, Thor Corp., which makes washing machines, has cut its factory employment about one-third from last fall's peak. But it hasn't yet reduced its office staff. The company is trying to buck the buyers' market by putting on more sales effort. And that means more work for the office

A midwestern radio manufacturer tried putting its office staff on a four-day week at the same time that it cut back factory production. It found that the good workers immediately started looking for other jobs. Now, it has gone back to a regular five-day schedule.

 Productivity—On the other side of the ledger, most companies report that the productivity of their office workers has shown a real increase in the past year or so. This helps them to get out the same amount of work with smaller staffs. One personnel manager says, "You'd be surprised at the amount of work these file clerks and adding machine wallopers can turn out when they see the job market looking sick. We haven't had to do it yet, but I think we could drop 10% of the office force and still carry the same workload."

• Trend—In terms of total employment, layoffs of office workers don't amount to much yet. But the Bureau of Labor Statistics estimates show the first faint beginning of a trend.

According to the BLS figures, the total number of production workers in manufacturing industries hit a peak last September of 13,488,000. By February, it had dropped off to 12,561,000. Meanwhile, the number of supervisory and clerical employees in manufacturing edged up to a top of 3,223,000 in November. It held steady through December, dropped a little in January, and then went down to 3,186,000 in February.

That's a drop of about 1% in the office group against 7% in plant workers. But most of the cuts in office staffs have come this spring. They won't show up until later figures come in.

• Plant vs. Office—With most companies, the cuts in the office staff don't start until some time after the lavoffs in the plant. But a few have tried to make them all at the same time. For instance, a maker of washing-machine parts laid off 330 production workers

and 47 salaried employees at its Chicago plant last December. In March, it dropped another 150 in the factory and 25 in the office.

One big truck manufacturer took the axe to its office staff even before it started cutting the factory payroll.

started cutting the factory payroll.

Some companies have been letting their office staffs shrink gradually through ordinary quits and no replacements without resorting to layoffs. But this is a slow business, and it is getting slower all the time. The turnover among office workers has dropped off abruptly in the past year. Most of the workers who have jobs are hanging on to them.

• Flatfooted—The chances are that there won't be many large-scale office layoffs until businessmen get a better idea of just how far the current slide in business will go. Companies now are afraid that if they let their office force go, a quick jump in business later in the year will catch them flatfooted.

For instance, an appliance manufacturer says, "It takes a long time to get an office staff trained up and running smoothly. If I lay off now, they'll get other jobs and I won't be able to call them back. I'd rather wait a while and see how business get."

And a fair-sized metal fabricator adds that he needs good office help to keep track of sales and inventories. "The only way I can keep this business going is to know just where I stand, and if it costs me something to keep up a good control system I figure it's cheap at the price."

Sears Slashes Prices In Summer Sales Book

Down-the-line price cuts jammed the pages of Sears, Roebuck & Co.'s mid-summer sale book, out this week.

Prices on some goods were off as much as 50% from those in last January's big spring-and-summer catalog. The new hot-weather book is the biggest summer sales special Sears has ever issued. Its 304 pages are crammed with 50% more merchandise than was shown in last year's 244-page edition.

Typical price slashes: Furniture is down an average of 15% over-all; summer furniture is off 12%; upholstered furniture, 17%; innerspring mattresses, 23%. Shoe prices are down as much as 20%; in some cases the cuts roll prices back to the 1946 level. For the first time since the war, Sears lists a \$1.98 line of children's shoes.

Prices of most children's clothing show heavy hacking.

Other groups with big cuts: paint, 9%; percale sheets and pillow cases. 16%; garden hose and tools, as much as 15%; lighting fixtures, as much as 30%.

Problems of Unionized Bust

If country skids into a serious recession, it would be the first with big-scale union membership. So management would face many rigidities—wages, seniority, call-in-time rules.

Businessmen who like to think far ahead have been prompted in recent weeks to ponder this question: What new management problems would a unionized recession bring?

 New Circumstance—The country has never had a terribly serious business setback in the last 12 or 15 years of bigscale unionization. The 15-million industrial employees now working under

dustrial employees now working under union contracts are by far the largest proportion of the working population that has ever been unionized.

Until a few months ago—while new highs in sales and production were routine—the question of what effect this big unionization would have on a business in a deep slump was one for the professors. Now, no longer an academic question, the possibility of a recession makes it smart for executives to take a look at the problem—whether or not the recession develops.

• Rigidity—It's orthodox economics that one of the great virtues of the enterprise system is its flexibility. When business decisions can be made quickly, by individual enterprisers, in response to current business needs, the system has a self-adjusting mechanism which enables it to cut its losses and break loose from a downdrag.

Anything which impairs flexibility in a depression is dangerous. Rigidities—which in the economists' jargon mean factors which stiffen the oil in the gears of business—are the big menace to recovery. And a union makes rigidities like a wind makes waves.

• Defining the Problem—Of course, there is no agreement on another question: Does wide unionization hold back a depression—or does it aid in promoting one?

Plenty of economists and businessmen find evidence of the latter. Others don't agree. They might cite, as an argument, the case of Lawrence, Mass.; there spread-the-work provisions in union contracts, plus unemployment compensation, have thus far kept consumer incomes from falling clear into the cellar (BW-May7'49,p24).

But it's easier to be sure about what big-scale unionization would mean for management if the country did sink into a trough. Here are some of the main problems that would arise:

I. Wages

The union's job is to push wage rates up, or hold them against pressures which would drive them down. Thus, industry finds a rigidity in its cost structure which limits its free movement.

For example: Faced with the need to make a cut in the cost of its product, a unionized firm finds great resistance to spreading the cut proportionately over all its cost factors. It may cut salaries, dividend rates, payments to the bank, rent charges—but when it comes to cutting wages it runs into trouble.

II. Seniority

In stripping down for maximum efficiency and low-cost operations, a company with a union contract is strapped by seniority provisions. These rules pay no attention to merit, thus making it hard to cut unit costs by raising production per wage-dollar.

III. Spreading the Work

The union spread-the-work philosophy also impairs flexibility. Management may be sure it can make more for less, and thereby sell more, by running its plant a full day, matching the number of workers with desired output. But the union will try to make the employer operate a short day with more workers.

In other ways, the union will be concerned to see that the available jobs are divided up to keep as many on the payroll as possible—when management might prefer a tighter force.

IV. Call-In Time

Payment for call-in time is now nearly a standard provision in union contracts. It, too, makes a rigidity. It requires the employer to pay wages for a half-day or a full day, even though the employee has work for only one hour.

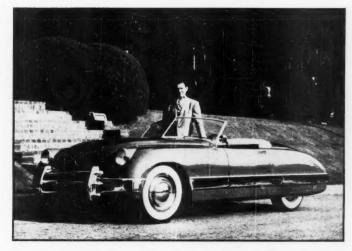
Several unions are trying to write a weekly guarantee into contracts. If they succeed, this particular rigidity will be an even more serious problem.

V. Job Assignments

Assigning employees to different jobs, or changing processes or products, will also frequently bring union opposition. This limits further the area of free management movement which a depression period makes so important.

VI. Pressure on Government

You can't make so clear a blueprint of the way a big labor movement will affect a depressed economy most im-



Sports Car Makes Play for West Coast Faddists

This is no foreign car. It's a special custom job straight out of California, where the hotrod faddists of yesteryear are now going for snappy sports models. Built by Kurtis-Kraft, Inc., of San Francisco, the roadster is designed to sell somewhere under \$5,000. It is

mounted on a specially built frame, and is adaptable to several souped-up small engines—Studebaker, Ford, Chevrolet. In view of limited production, and a limited market, Kurtis-Kraft says it will sell direct from its factory—no dealers. portantly. That's because the effect is apt to be through the powers of government.

As soon as industry's labor needs fail to supply jobs for as many as 5-million, collective bargaining starts between the unions and government. While somewhat different from the bargaining that industry and unions carry on, it is collective bargaining nevertheless.

Organized labor's demands on government are that government supply jobs at favorable wages. It bargains with its political support for one party as against another, or one office-holder as against another. The payoff is in work relief and public-works projects. If these are conceived simply as job-making, with little consideration for how they mesh with industry, they can bring the biggest rigidity of all.

VII. Communism

In contrast to the depression which began in 1929, the next big dip will see Communists in influential posts in some important labor unions.

They will do everything they can to deepen and sharpen an economic breakdown. The Soviet analysis of American capitalism predicts a major crash which will weaken the social and political fabric of this country and achieve "the radicalization of the masses." All the Communists here will work zealously to make this prediction come

true. They will agitate for programs which would doom the enterprise system and free political institutions.

It's a question how much the Communists can accomplish by their own efforts. But a grave danger exists that in the competition for labor leadership, conservative, anti-Communist union leaders may try to outdo the Communists at their own game. That would play directly into Moscow's hands.

MATHIESON MOVES

Mathieson Chemical Corp. is heading south. In a joint 50-50 deal with Baltimore National Bank, it is buying Baltimore's 3+story O'Sullivan Building. Rechristened the Mathieson Building, the skyscraper will house top Mathieson executives and 500 employees. At present, company headquarters are in New York.

Price hasn't been announced, but the recent assessed value of the building was reported at over \$3.4-million (including \$452,540 for land). A specially formed realty company is handling the deal.

Moving day for Mathieson starts Sept. 1. The company will occupy three floors, maybe more. The bank already has its quarters in the building.

Earlier this year, Mathieson acquired two other properties: Standard Wholesale Phosphate & Acid Works, Baltimore (BW-Jan.22'49,p28), and Southern Acid & Sulphur Co., St. Louis.



Whoops, Pardon My Rotors

Piaceski Helicopter Corp. is not overlooking any public relations bets at its "heliport" near Morton. Pa. This sign keeps passing motorists alert and reminds them that the helicopter age is here. The one coming in tor a landing is a 10-place HRP-1.

Is Rabbit Rabbit?

Fur farmers and FTC say answer should be yes, in row over fur-labeling bill. Most of the fur trade fights labeling.

Question: When is an Arctic seal not an Arctic seal?

Answer: When it's a rabbit.

You can apply the same question to beaverette, ermiline, minkony, Hudseal, northern black seal, and some 50 other furs—and every time you'd have the same answer: rabbit.

• No More Aliases—Getting the rabbits—and other critters—out from under their aliases is the purpose of two bills on which the House Commerce Committee held hearings last week. One bill was introduced by Rep. Joseph P. O'Hara (R., Minn.): the other, by Rep. George G. Sadowski (D., Mich.). They aim to do the same sort of job that the Wool Products Labeling Act of 1939, administered by the Federal Trade Commission, does for wools.

Main provisions of the bills are

(1) The fur must be labeled with its real name;

(2) The country of origin must be shown.

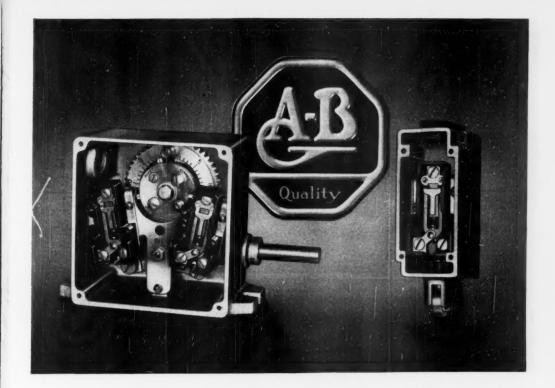
• Other Pseudonyms—The rabbit isn't the only little animal that goes out of the retail store under a pseudonym. Henry Miller, who directs FTC's woollabeling activities, points out these others: The skunk may turn up as Alaska sable, black marten, and civet cat; opossum is good for Australian chinchilla and Russian stone marten; muskrat sells as Hudson seal, brook mink, river sable.

• For-Besides FTC, the organized fur farmers of the U. S. are the main proponents of the labeling bills. They produce about 15% of the total U. S. fur output of around \$130-million a year-mostly mink and silver fox. The rest comes from trappers.

 And Against-Lined up against the bills are just about the rest of the fur industry: importers, brokers, manufacturing furriers, wholesalers, dyers, dressers. They rest their case mainly on these two claims:

(1) Identifying the country of origin is an attempt by the fur ranchers to capitalize on a customer's inclination to "buy American." (Russia supplied us with \$67-million worth of furs in 1946.)

(2) To get a permanent label on every one of the 195-million skins that are imported annually is just about impossible. The label would have to survive all the processing required to make a finished garment. The cost involved would be a serious blow to the industry.



Quality Limit Switches FOR PRECISION SEQUENCE CONTROL



'Interior view of Bulletin 801 heavy-duty limit switch in watertight enclosure. Split-second timing is essential in the sequence control of many machines. For this critical service, Allen-Bradley precision limit switches provide not only accurate control but unfailing dependability in the most severe service.

The Allen-Bradley line of Bulletin 801-802 Limit Switches includes an amazing variety of types and sizes. We shall be glad to send any machinery designer complete data on this versatile line of limit switches. Bulletin 801-802 contains many helpful hints for applying limit switches to assure long, trouble-free service. Write, today.

Allen-Bradley Co. 1332 S. Second St., Milwaukee 4, Wis.

ALLEN-BRADLEY

SOLENOID MOTOR CONTROL

FIDO BLAZES NEW ERA OF AVIATION SAFETY



PLANELOAD OF NEWSMEN AND PHOTOGRAPHERS MAKE PERFECT TOUCHDOWN WHILE Los Angeles FIDO system singes off imaginary fog in first acceptance test of fog dispersal system. FIDO system pumps chaep diesel fuel to atomizers spaced along 6000-ft. Home rows.

FIDO, born in war, guards against fog

Mayor Fletcher Bowron lit the pilot light and Los Angeles was cooking on the front burner in world aviation circles at the inauguration of FIDO (Fog. intensive dispersal of) for the Los Angeles Municipal Airport.

Bushing bright red button the

Pushing a bright red button, the Mayor flashed on Los Angeles' \$842,000.00 fog dispersal system and this field became the first all-weather commercial airport in the world. Brilliant orange flames leaped up simultaneously into the dusk from the burners outlining the approach and runway.

flames leaped up simultaneously into the dusk from the burners outlining the approach and runway.

Backed by 5 millions spent in research by the Army, Navy, and civilian interests, FIDO assures airport operation at zero ceiling. The sky-pointed flame throwers are designed to burn off fog to heights of 400 feet in the 2000-foot approach zone, to 250 feet in the 1000-foot landing zone, and from 75 to 300 feet over the 3000 feet of remaining runway.

over the 3000 feet of remaining runway. More than six miles of fuel pipelines outline the FIDO landing area. The heart of this system is located in a small quonset hut. Here, the Byron Jackson 1000 hp FIDO Pumps keep a pressure of 1200 pounds per square inch in the system. The pressures involved make possible complete combustion and the height of flame at the atomizers. In lauding the Board of Airport Commissioners and others who had worked

In lauding the Board of Airport Commissioners and others who had worked out this latest safety device for aviation, Mayor Bowron declared it is "this spirit which is hastening the day when we will have the world's safest airport."



MAYOR FLETCHER BOWRON LIT THE pilot light that made aviation history. With him (right) is Col. Clarence M. Young, General Manager of Los Angeles Municipal Airport.

"Air travelers throughout the world," said Bowron, "soon will know they will always land on schedule at Los Angeles."

This advertisement conforms to the splendid coverage given this event, March 30, 1949, by the Los Angeles Daily

Byron Jackson Co. designs, builds, and installs every type of centrifugal pump for city, farm, and industrial requirements. For complete information, write for illustrated BJ Bulletins describing the pumps you need.

Byron Jackson Co.

LOS ANGELES 34, CALIFORNIA

Offices and dealers in principal cities



This is how Los Angeles Municipal Airport's FIDO system will burn away zero ceilings, permit planes to land with safety, and effect bad weather economies.

BUSINESS BRIEFS

No freight-car orders was the bad news at the Pullman, Inc., stockholders meeting this week. David A. Crawford, president, laid the drying up of orders to the tug of war between railroads and steel mills over steel prices; the roads are holding up till prices come down. It looks like smaller earnings for the second half of the year.

John M. Budd seems to be on the track leading to the presidency of the Great Northern Rwy. The former president of Chicago & Eastern Illinois R.R. became operating vice-president of G. N. last week. And Frank Gavin, G. N. president, is due to retire in two years. Budd's successor is C. & E. L's. vice-president and general counsel, Clair Roddewig.

Price cuts averaging about 12½% showed up on Eastman Kodak's sales list this week. They cover several still and movie cameras and projectors. Eastman timed the cuts to catch the summer picture-takers.

Goodyear survey party is off for Sumatra to look over the company's battered Wingfoot rubber plantation. Object is to see what it will take to get the 40.000-acre plant running again. Four years of Japanese occupation and three under the Indonesian Republicans about put it out of commission. Prewar yield: some 15,000 tons of rubber a year.

Expansion is again the word at Cargill, Inc. (BW-Apr.16'49,p65). This time the giant grain company has leased B. & O.'s Mount Clare elevator in Baltimore. Storage capacity is 250,000 bu.

Kaiser-Frazer took a first-quarter loss of \$5.8-million or \$1.27 a share. President Edgar Kaiser said the cuts in carprices (BW-Apr.2'49,p21) cost the company over \$4-million. But retail sales are now running 2½ times ahead of the first-quarter weekly average.

Airlines reports credit American Airlines with enough April profits to offset A.A.'s first-quarter deficit of \$222,521. At the annual stockholders meeting this week, President C. R. Smith predicted a 1949 profit—if general business conditions hold up.

High-speed milling turns out flour that doesn't have to be aged. You can bake bread the day the flour is milled, says Washington State College, Pullman, Wash., which developed the process. Made from the whole wheat berry, the flour is tradenamed Unifine.



IT WON'T WITH CELANESE" PLASTICS

Bright colors, lightness and low raw material price aren't enough to make a plastic eligible for toys. Toys need toughness too—the shatterproof toughness you find in Celanese acctate plastics.

Toys made of Celanese plastics are safer against counter damage . . . they guard merchandisers against the losses of markdowns and dissatisfied shoppers . . . they reduce shipping losses and rejects.

Celanese plastics are safe for toys because they leave no sharp, jagged, dangerous edges . . . they are odorless, tasteless and non-toxic—vital qualities for all toys, and particularly baby toys that lead a hand-to-mouth existence.

Your Celanese representative will be glad to show you why it is good business to insist on Celanese plastics—for toys, Celanese Corporation of America, Plastics Division, Dept. 29-E, 180 Madison Avenue, New York 16, N. Y.





Stainless Steel

The magic metal
that does so much
...yet costs so little

THE SHARON STEEL CORPORATION is the nation's foremost producer of such fine steels for cutlery as Stainless 440-B with Molybdenum, Chrome Vanadium, Chrome Moly, Chrome Vanadium Moly, High Carbon Stainless and Special High Carbon Alloys.

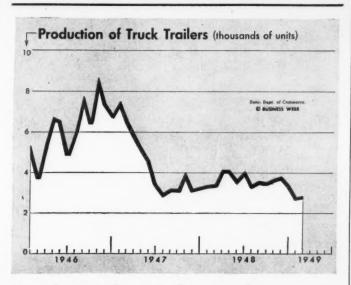
• When the job calls for cutlery steel — call Sharon — it's the wisest thing to do.

SHARON STEEL CORPORATION Sharon, Pennsylvania

SUBSIDIARY COMPANIES OF SHARON STEEL CORPORATION: THE NILES ROLLING MILL COMPANY, NILES, OHIO; DETROIT TUBE AND STEEL DIVISION, DETROIT, MICHIGAN; BRAINARD STEEL COMPANY, WARREN, OHIO; SHARONSTEEL PRODUCTS COMPANY, DETROIT, MICHIGAN, AND FARRELL, PENNA.; CARPENTERTOWN COAL & COKE CO., MT. PLEASANT, PENNA.; FAIRMONT COKE WORKS, FAIRMONT, W. VA.; JOANNE COAL COMPANY, RACHEL, W. VA.

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TRANSPORTATION



Truck-Trailer Sales Soften

Output is down from last year as fleet owners shift to replacement buying. Manufacturers pin hopes on a midyear rally and trend toward larger units.

The sellers' market in truck-trailers has petered out.

 Shift—True, truckers have lately been getting a bigger share of the transport pic—often at the expense of the railroads. But highway haulers aren't expanding their trailer purchases much right now; rather, they are buying mainly for replacement.

• Output—Manufacturing volume in units today is off one-fourth to one-third from a year ago. And it's down just about as sharply from the levels of the last half of 1948. In December, 3,426 truck-trailers were built. In January, the total skidded to 2,766; in February, it was down to 2,280. Government statistics for the months since then aren't out yet. There probably has been some seasonal jump; but it hasn't been enough to bring volume up to the 4,000-amonth range of the spring of 1948.

• Reason—The reason for the skid is fairly simple. Most truckers have built up their fleets to a point where they can handle present loads, and a little more besides. Here and there, a few lines may be crowded, but they don't want to add new equipment until the business outlook is clearer.

• Dollars-So far, trailer makers have been able to keep dollar volume from slumping as low as output. The easing of highway-load limitations (about two-thirds of the states have liberalized their laws since the end of the war) is the main reason. Larger trailers mean a bigger dollar volume in relation to unit sales.

Manufacturers realize that these new, larger trailers may be a real meal ticket. This week, Mack Trucks, Inc., put into production three new diesel engines specifically designed to haul the biggerload carriers.

• Prices—Despite the slump in output, trailer prices have held firm. Here and there dealers have made concessions to snare an order to move inventory. But the industry so far hasn't gone on record with a single price cut (although there have been some slight cuts in "tractors"—the truck-like power plants that haul the trailers)

The main reasons for the solid price front are the unchanging costs of labor and steel—the two biggest cost items in a finished truck-trailer. Another big reason is the fact that the industry expects business will perk up before the year is out.

Many manufacturers think the revival will come by midyear. They point to increased pressure for deliveries in



We've done something about the weather!

We can't plug up the clouds but we can give you the millions of invisible unbrellas that come packed in a pound of the new and durable water repellent, DeCetex 104. These silicone umbrellas are submicroscopic but you can see their mass hatred for rain in the picture below. They roll rain up into droplets that are shed like water from a duck's back.



The remarkable water repellency of DeCetex 104 treated nylon is indicated by the fact that water stands in almost perfect spheres on the fabric.

This is the water repellent treatment for nylon and acetate fabrics that research chemists have been working for years to find. It permits the fabric to breathe and it is durable to dry cleaning and laundering. Fabrics treated with DeCetex 104 require no washing or neutralization to remove residual chemicals. They are adorless and have a soft, smooth, full hand with no apparent increase in mark-off.

DeCetex 104 is especially effective on nylon fabrics which are normally difficult to make water repellent. DeCetex 104 treated nylon, for example, retains its high initial resistance to wetting even after 12 dry cleanings or two 2-hour washings.

DeCetex 104 can easily be emulsified and applied with conventional finishing and resin curing equipment. Cost is comparable to that of other high quality water repellent treatments. For more information about DeCetex 104, phone our nearest branch office or write for data sheet No. KZG6.

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SLICING

Cutting through steel bars or slicing through tile is simple, clean and speedy with Simonds Abrasive Company grinding wheels. And this production efficiency is yours with Simonds wheels for every grinding job. Complete line includes everything from tiny abrasive grain to wheels with diameters as high as a man's shoulder. Whether your requirements call for rough grinding, tool sharpening or microinch finishing there's a Simonds wheel to do a top-producing, cost-cutting job for you.



Write for Grinding Wheel Data Book

Also lists distributors



the last few weeks. They feel that truckers, with the help of the Supreme Court basing-point decision, will continue to get a growing share of tonnage. That should bring an upturn in the manufacture of trailers before long.

 Before—The 1949 dip in volume isn't the first the truck-trailer makers have run into since V-J Day. The first jolt, a definitely more abrupt one, came early

n 1947

During 1946 truck-trailer manufacture was at stratosphere levels. More than 8,000 units were built in one month; the average for the year was above 6,000. Then a steep slide began. Output slipped from nearly 8,000 a month at the start of 1947 to about 3,000 a month six months later.

From then until last January, manufacture was on a plateau, with monthly figures running between 3,000 and 4,000 units. Then another downhill slide—to about 2,000 a month—started in

the industry.

• Harder Hit—Smaller manufacturers may well have slipped more than the big fellows. Many of the small producers sprang up during the war, never had a chance to get national distribution. They pretty well filled demand in the sections around them. Their bigger competitors, with national distribution setups, can cushion losses in one place by stepping up sales campaigns in another where business still has some life in it.

Plans for Ohio Conveyor Proceed Despite Rebuff

The lake-to-Ohio River conveyor project is down but not out. President H. B. Stewart, Jr., of the Riverlake Belt Conveyor Lines, Inc., says he is going right ahead with detailed engineering work on the proposed 130-mi. system (BW-Feb.12'49,p45).

• Blow—Stewart took it on the chin this spring when the Ohio legislature choked off a bill to grant him the right of eminent domain for a right-of-way from Lake Eric to the Ohio (BW—May7 '49,p28). But Stewart is confident that the next legislature, which meets in January, 1951, will O.K. his plan.

• But No Knockout—That's why he is starting on the engineering now. He figures that it will take about a year to wind up this part of the project. Then when the state's O.K. comes through, he'll be all set to move into actual construction. The construction, he estimates, will take three years.

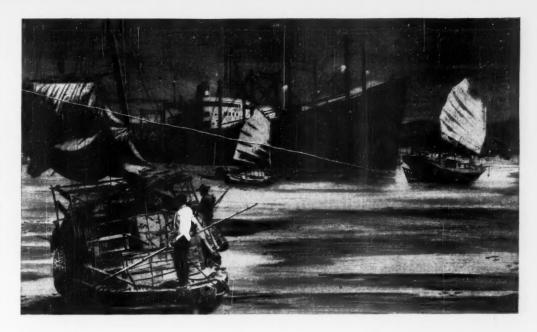
Big factor in jamming up the bill at this session was the heavy opposition of the railroads and the rail brotherhoods (BW-Apr.9'49,p21). But Stewart will stand his ground. "Railroads have no moral right to demand that the legislature exclude conveyor transportation from the field of competition," he says.



Six-Mile R. R. Gets into the Black

Employees and stockholders of the Ferdinand Railroad Co. pose with pride with their one locomotive. It's a happy occasion:
After running in and out of receiverships for 40-years, the road is finally breaking

even. "The Ferdy Flyer" operates over 6½ mi. of standard gage track between Ferdinand and Huntingburg, Ind., totes milk cans, school children, and now and then a load of furniture—made in Ferdinand.





Sperry Radar...speeds runs...makes navigation safer on Orient trips...

SAYS PACIFIC TRANSPORT LINES' CAPTAIN

Gaptain W. E. Stratton of the S. S. America Transport of Pacific Transport Lines finds Sperry Radar a valuable safety measure in the Orient while threading his way through fleets of unlighted junks . . . entering fogbound, unmarked ports . . . or navigating through passages where war-interrupted lighthouse services operate erratically.

Near Hong Kong... Sperry Radar detected at night a fleet of unlighted junks keeping station on a single lighted junk. "Without radar," says Captain Stratton, "only that one lighted junk would have been sighted."

In the Philippines . . . Sperry Radar has frequently helped the America Transport to make night passages which except for radar would have been out of the question because of the many

war devastated lighthouses either discontinued or operating undependably.

Taku Bar to Fusan, Korea... During one run between these ports, Captain Stratton says that Sperry Radar helped him to save over three hours... and on another trip make Yokohama under visibility conditions which, save for radar, would have made entry impossible.

The America Transport and her sister vessels of Pacific Transport Lines are heavy modern freighters designed for speed and fast cargo handling in the Transpacific service. For these and other vessels combining long crossings with stops at various ports... Sperry Radar affords a constant check on distances off shore and of all above-water hazards in darkness, fog, rain or snow... effectively shortens distances between ports of call... saves time and fuel on every trip.

For further assurance of schedule reliability, America Transport's equipment includes the Sperry Gyro-Pilot ("Metal Mike") and the Sperry Gyro-Compass. They form with Sperry Radar a trustworthy trio under all conditions.



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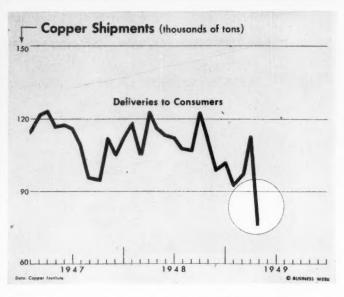


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COMMODITIES



Nonferrous Metals Slump

Copper sales have been on the skids. This week brought some buying at last, but it didn't extend to zinc and lead. One of the industry's questions: When do price cuts stimulate orders?

Copper producers have been sliding down this chart line as if the seat of their pants were greased.

This week, the slide was leveling off a bit-although it was too soon for this to show up in the statistics. Buying has reappeared in the copper market. So far, it is still on a small scale-but it has improved sentiment immensely. Even so, the improvement hasn't spilled over into lead and zine.

• Deadest—Just before these nibbles in copper, the nonferrous metal markets were described by old timers in the trade as the deadest they had ever witnessed. They didn't even bar the 1920-21 price break.

Consuming industries were living on inventories. Some of them still are. That makes the statistical picture about as gloomy as could be imagined.

Copper shipments to fabricating plants fell off to about 76,000 tons in April (chart)—the lowest since reconversion from war work. But it won't be the low point. The figures for May are expected to be worse. After all, quite a bit of copper was contracted for April

shipment before the price cutting broke out early in March. The same cannot be said for May.

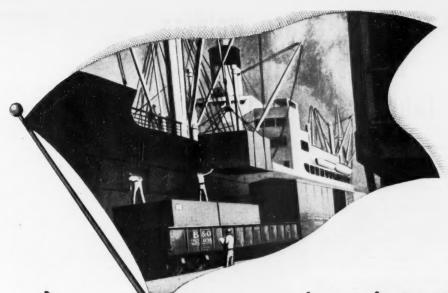
• Prices—Here is the boxscore on prices per pound of major nonferrous metals up to now:

	Mar. 1	Now
Copper (Conn. Valley)	2312¢	18¢
Lead (New York)	211/2	14
Zinc (East St. Louis)	1732	12

Producers of lead and zine, looking at today's prices, are beginning to wonder how deep the cuts will have to go before they attract some buying. In fact, there have been some cuts in output because of the buyers' strike.

• Production—Output cuts, so far, have represented little more than elimination of overtime work (except in the cases of a few high-cost mines, which have had to shut down). Knocking out overtime has two virtues: It trims production more nearly into line with potential demand, and it cuts production costs.

Domestic production of copper, back when the old high price offered a gleaming incentive to get the metal out of



command through B&O... At your

the three greatest ports on the Atlantic Ocean!





With shipments being made in increasing numbers, these factors are more important to exporters-and importers-than ever. That's why shippers prefer the advantages of the specialized facilities at these three great ports-New York, Philadelphia, Baltimore-and why they route via Baltimore & Ohio. Dependable operations permit scheduling with efficiency and confidence.

As the volume of foreign trade increases, so does our ability to handle all types of cargo. These may range from a trainload of foodstuffs for Great Britain to a steel mill for India; or may include vast quantities of imported basic materials.

Our set-up is invaluable to the foreign trader who must coordinate his traffic with transportation schedules. So, when routing your freighteither export or import-remember these three great scaports-and the B&O. Ask our man!

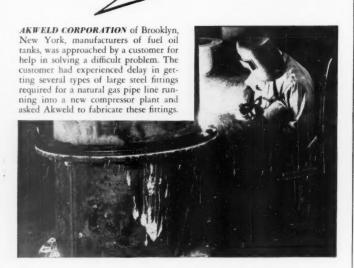
BALTIMORE & OHIO RAILROAD

THE LINE OF SENTINEL SERVICE

Constantly doing things - better !



Gas cutting & arc welding solves another fabrication problem



Jack Saunders, Airco Technical Sales Representative, assisted Akweld in making up the required fittings from steel plate. The sections were first cut from ½" and 5/16" thick stock, with an Airco Number 10 Radiagraph gas cutting machine; then rolled into shape and fabricated with Airco Number 90 electrodes.

In all, 50 fittings were made, ranging in diameter from 8 inches to 50 inches. The photograph above shows one of the larger fittings being welded. Note how the flange is backed up to control distortion. As a result of their success with this job Akweld received an order to fabricate more of those special steel fittings from another concern.

TECHNICAL SALES SERVICE - ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS

To assure its customers of high efficiency in all applications of the oxyacetylene flame or electric arc, Air Reduction has available the broad, practical experience of its nationwide Technical Sales Division personnel. The collective experience and knowledge of these specialists has belped thousands to a more effective use of Airco processes and products. Ask about this Airco "Plus-Value" service today, Write your nearest Airco office, (In Texas: Magnolia Airco Gas Products Company.). On West Coast: Air Reduction Pacific Company.)



Weadquarters for Oxygen, Acetylene and Other Gases...Carbide...Gas Cutting Machines...Gas Welding
Apparatus and Supplies...Arc Welders, Electrodes and Accessories

the ground, was averaging close to 75,-000 tons a month. That comes close to matching the amount of metal consumers took in April. Heretofore, the industry has had to count on imports to cover 30,000 to 40,000 tons of monthly demand.

Now, in trying to gage production and sales, copper producers must wait out the market to see how much copper metal-working industries actually need. And, while doing that, producers are anxiously watching the general business curve.

• Cutbacks—Trimming of output started some time ago in the metal-working industries. The first positive sign the markets had of that was the sudden stagnation in the market for automotive replacement batteries. (Sales of those going as original equipment in new motor cars are, of course, still booming.)

Auto batteries had been the largest users of lead until recently. Shipments of replacement batteries ran 24-million units a month during most of last year. They were down to 14-million in January of this year, dropped to 826,000 in February, and to 555,000 in March.

The battery people don't expect their replacement market to come back materially before autumn.

In copper, there is no one consuming industry to which you can point as a center of trouble. Producers have kept their own supplies from getting out of hand; refiners' holdings of copper at the end of April were little more than 75,000 tons, or less than three-weeks' supply at last year's rate of consumption.

• Inventories—But it isn't refinery stocks that are worrying the industry: It's the copper in stock rooms of consuming plants. At the end of March, trade estimates of fabricators' stocks came to 390,000 tons.

At the 1948 rate of consumption, that represented more than three months' needs. At present, it probably would last closer to four months. And if business sags off any further, there's no telling how far it would go.

In zinc, as in copper, supplies that looked scarcely adequate two months ago appear quite ample now.

Producers' shipments of zine in April fell to 53,000 tons from 71,000 in March. Unfilled orders were pared 14,000 tons during the month to stand at 66,000 tons. Stocks of zine nearly doubled, jumping from 28,000 tons to 51,000.

Shipments of lead produced at domestic refueries dropped from 52,-000 tons in January to 33,400 in March. Stocks rose from 38,700 tons to 56,700 in the same period.

Actually, stocks of copper, lead, and zinc in producers' hands are not large. In any period of active markets, in fact,



DIESELS are doing a bang-up job for the railroads—saving money right and left. For example, a Cooper-Bessemer powered locomotive, like the one shown here, often takes over the work of two steamers... hauls much bigger loads, faster... and saves plenty too on the cost of fuel and upkeep.

To help bring this about, Cooper-Bessemer engineers studied locomotive power needs long and carefully . . . then developed special, new-type diesels for rail service-engines with unique features such as one-piece cylinder and head construction, with nearly 50 fewer parts than conventional heads. Hundreds of these engines are now powering locomotives large and small.

And, as often happens, new ideas developed for one kind of service proved equally advantageous when applied to others. Thus many a big fishing vessel is today powered by a marine engine that started out as a locomotive diesel. Because of higher efficiency and new economies in space, fuel and upkeep, more fish can be hauled... faster, oftener, at lower cost ... more cash for the fishermen!

If you are interested in dependable power at lower cost for *any* kind of heavy-duty service, find out about the *new* things being done by one of America's *oldest* engine builders.





Unless you happen to be an expert, the two rail sections shown above may look about like twins. But actually—as a result of continuous research in rail design and metallurgy—the modern rail shown at the left has 80 per cent more strength and supporting power than its "twin" of 25 years ago, and is less than one-fourth as likely to break.

That's typical of the kind of improvement which has been made in every part of the railroad—from locomotives to crossties, from signals to yards, from car seats to air-conditioning—as a result of research and investment.

Altogether, the improvements made in American railroads in the years since the first World War represent an expenditure of more than 15 billion dollars—of which more than 2½ billion dollars have been spent just since the end of the second World War.

This is not government money lavished on railroads. It is railroad money —some of it borrowed, some of it taken out of earnings and plowed back into plant and equipment. In the past quarter of a century in fact, for every dollar paid out in dividends to the owners of the roads more than two dollars have been spent on improvements—for better service to you.

There is every reason to expect that railroad research will be as fruitful of benefit in the future as it has been in the past. But to provide the funds necessary to put these results to work so as to produce even better and more economical service in the future, it is necessary that railroads have a chance to earn a sound return on their investment today.

ASSOCIATION OF AMERICAN RAILROADS



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they would be regarded as dangerously small. But with buyers conspicuously absent, no stock is small.

 Questions—The nonferrous trade has questions besides production and inventories:

(1) At what level does the government support the market by buying for stockpile?

(2) How far do prices have to be cut to scare exports away?

Most observers had presumed that the markets would be cushioned by the stockpilers. Such buying had fortified the zine market last year at a time when things began to look pretty sloppy. But, right now, the stockpilers are waiting for a new appropriation to resume buying.

The prospects on imports are even more dubious. The high prices of two months ago were attracting plenty of metal. Now it is a question whether the lower prices will prove unattractive to foreign producers, or if their need for dollars is such that they will ship to the United States regardless.

Plywood Sales Rise As Prices Drop

Business is picking up in the Douglas fir plywood industry—but at much lower prices. That's the report of E. W. Daniels, chairman of Harbor Plywood Corp., of Hoquiam, Wash., and also spokesman for the Douglas Fir Plywood Assn.

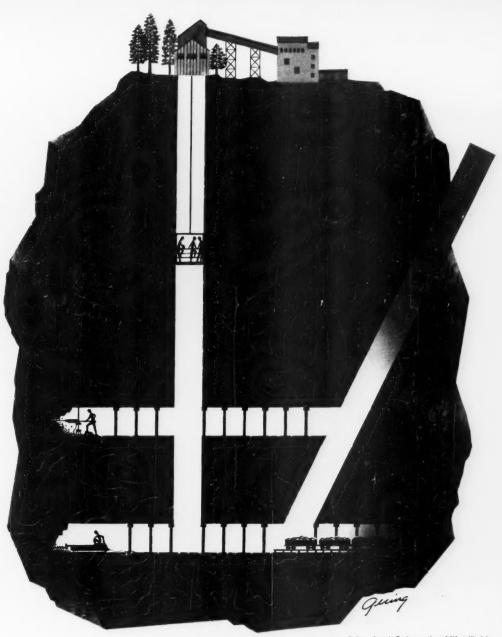
Sales and production during the winter dropped well below comparable 1947-1948 figures. Prices softened; today they're about 25% below a year ago. In the last month or so, sales have increased sharply. April sales ran ahead of April, 1948; in one late-April week, the 50 plants in the industry reported sales of 59-million ft., nearly 50% ahead of the same week last year.

• Price Comparisons—Daniels' summary of prices in the first buyers' market the industry has known in 10 years showed these typical changes:

At Chicago, exterior-grade panels that sold last summer for 21½¢ a sq. ft. are now down to 17½¢; at Washington, D. C., a widely used plywood is down from 24¢ to 19¢ a foot.

An interior grade, which sold at Chicago last July for 16½, is down to 13¢. At Savannah, Ga., an interior grade that was 19¢ has dropped to 16¢.

• Cost Problem—What worries Daniels is high production costs. The reason: "Labor and logs, which together account for more than 85% of our plywood-manufacturing costs, are just as high today as they were six months ago. Mill prices cannot conceivably decline further as long as fixed costs remain at today's level."



Artist - Joseph Gering, native of West Virginia

WEST VIRGINIA — annual purchases: \$1 billion — mostly packaged.

CONTAINER CORPORATION OF AMERICA



Using

in your product?

where you need only the

solid surface

that's all you need to buy!

Suveneer CLAD METALS

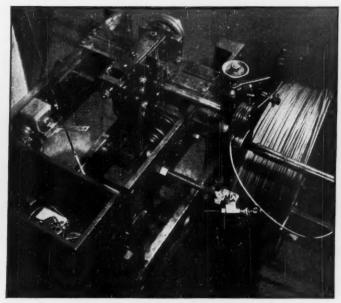
If you don't use the "inside" of the gauge thickness in your applications for expensive-metals strip, have the core of plain steel—and save money! With SuVeneer Clad Metals, you get the dense, solid surface of stainless, copper, nickel or monel, bonded inseparably to low carbon strip steel on one or both sides. You get the performance you need, at lower cost. • Write for the detailed facts.

Superior Steel

CORPORATION

CARNEGIE, PENNSYLVANIA

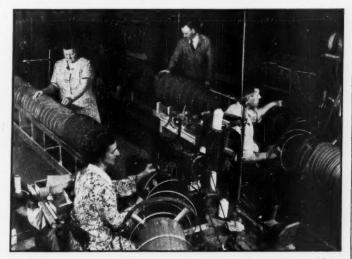
PRODUCTION



1 Pitch-forming machine, which sets the diameter and pitch of coiled-wire reinforcement for Flexible Tubing Corp.'s Spiratube is first step in . . .

Making a Tube That Bends

A wartime development is finding new uses in peacetime industry. To accomplish this, Flexible Tubing Corp. has had to design new production machinery for Spiratube.



2 Production line near New Haven, Conn., can turn out several sizes and types of Spiratube. Key operation is . . . (CONTINUED ON PAGE 42)

Slash Power Costs!!

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You'll be amazed how Todd Burners cut your fuel and maintenance costs. Savings up to 10% . . . increased power capacity can be yours with Todd Burners. In replacement of obsolete equipment or in new installations, skilled specialists backed by 35 years of Todd experience—engineer your job individually to assure you utmost economy in burning of liquid or gaseous fuels.

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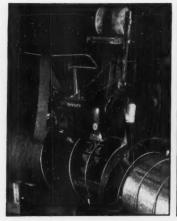
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SPIRATUBE (continued from page 41)



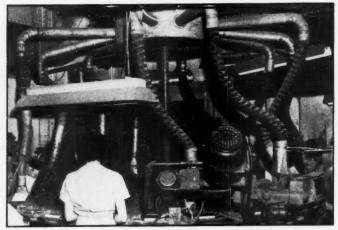
3 Sewing endless strip of fabric to coiled wire at a rate of about 90 ft. an hour (for 5-in. tubing). New types require . . .



4 Home-made equipment for testing, rig to check vacuum resistance. Research has led to many uses-for instance



5 Ventilator chutes for tunnel excavation. Spiratube is also used in airplane engines and farm machinery. Other new uses are being developed. One of the latest:



Furnace ducts—which must stand up at high temperatures—are another type. Spiratube, a Navy idea, was picked up in peacetime by . . . (CONTINUED ON PAGE 44)



Mr. Raymond Lavalle, Export Manager of Gantner of California

"By using Clipper Cargo we have seen our sales increase three-fold"



"Two years ago, "We believ only 3% of our mer-tion to busine

chandise was air-shipped," we are told by Mr. Lavalle of Gantner of California. "Today, we are air-shipping 40% and expect that, by the end of this year, 65% of our deliveries will go by air.

"Speed in delivery means quicker reorders. By using Clipper Cargo, we have seen our sales increase three-fold. Clipper Cargo has reduced our insurance rates; cost of packing is much lower; man-hours are saved in our Shipping Department; and our Export Division has been relieved of troublesome and slow documentation procedure. We are making *more* dollars and cents at *less* cost.

-Gantner of California

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The L-P Gas Industry is one of the many industries served by Pressed Steel Tank Company's large facilities and knowledge of deep drawing. Hackney Steel Cylinders have played an important part in bringing city gas conveniences—cooking, water heating, refrigeration, space heating—to rural America.

In developing cylinders for the storage and transportation of L-P Gas, Pressed Steel Tank Company has utilized its many years of experience in designing and manufacturing containers of all kinds for gases, liquids and solids. The Hackney RC-100A L-P Gas Cylinder, of 100 lbs. propane capacity, is made of high strength steels, permitting a cylinder tare weight of approximately 70 lbs.

Field-tested for 10 years and then proved in quantity production for over 2 years, the RC-100A is designed to save money. It cuts costs in shipping—is easier and faster to handle. It makes possible larger truckloads of cylinders—means less wear and tear on trucks. And L-P Gas distributors realize these savings not once but time and time again.

Perhaps your business can take advantage of Pressed Steel Tank Company's facilities and deep drawing knowledge. We invite your inquiries on pressure vessels, deep drawn shapes and shells. Write us today for full information.

Pressed Steel Tank Company

Manufacturer of Hackney Products

Main office and plant: 1493 S. 66th St., Milwaukee 14, Wis. 1397 Yanderbilf Concourse Building, New York 17, N. Y. 207 Hanna Building, Cleveland 15, Ohio 208 South LaSalle Street, Room 2072, Chicago 4, Ill.



SPIRATUBE (cont'd from page 42)



7 President F. K. Daggett: He foresaw that Spiratube's future lay in . . .

Finding New Uses

Ventilation is Spiratube's major job. But new avenues open up with military and industrial experiments.

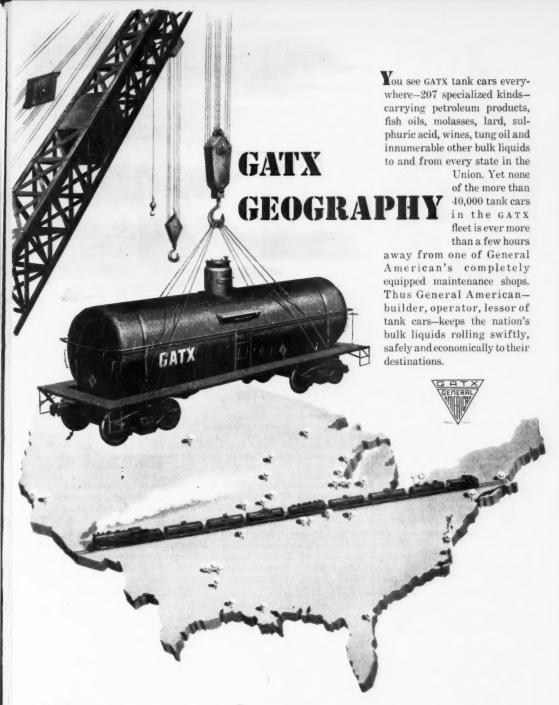
Spiratube is one of the lucky war babies. Like many others, it was born of necessity, unlike some, it lived to find a ready and welcome market. Its success has produced a promising career for a new and thriving Branford (Conn.) company, the Flexible Tubing Corp.

orb.

Basic Design—The basic product on which the concern has built its name consists of a flexible tubing, made of fabric, sewed around a coiled-spring remforcement. The product was born back in 1943, when the Navy had to find an adequate ventilator for ship and shore installations. Now, the light, accordion-like product is finding a raft of new uses—on airplane engines and farms, in furnaces and mines.

The versatile product had its start in the Navy's Bureau of Ships. There, Clyde M. Hamblin, a civilian engineer, went to work on the problem of portable ventilators, came up with the basic design that Flexible now uses. Production contracts were passed on to Warner Bros. Co., a Bridgeport (Conn.) concern that was already turning out tow targets, radar curtains, and other war products.

New Company—But after the war, Warner Bros. decided to concentrate on its standard peacetime product, women's foundation garments. So, even



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Termites consume wood.
Rust devours metal. Annually, rust losses cost the nation \$6,000,000,000.
Help to stop this terrific

loss by safeguarding your property against rust's ravages. Only Rust-Oleum can give the long-lasting protection you need. It's a proved product – an exclusive formula — unaffected by rain, snow, dampness, fumes, salt sir and other destructive conditions.

Rust-Oleum seals the surface with a tough, pliable, enduring film that dries to a firm, hard finish. Adds years of extra use to metal—protects the structural strength of your steel—roots, tanks, structural steel, fences and other valuable metal surfaces. STOP FURTHER DAMAGE! You can apply Rust-Oleum over metal that is already rusted—after

quick, easy preparation. Applied by brush, dip, or spray.

Rust-Oleum is available through industrial distributors in most principal



though the company went on making Spiratube, it put the item up for sale. This interested an air-conditioning engineer named Frederick K. Daggett, who approached the American Research & Development Corp. with the idea. Spiratube appealed to this Boston concern, which is on the lookout for development possibilities in new products (BW-Feb. 19 49.p6). The result: Flexible Tubing Corp. American Research took a third-interest in the new company: Daggett and some friends took a third-interest was snapped up by Pallas Corp., a New York investment company.

Flexible tubing signed an agreement with inventor Hamblin, granting it exclusive rights to manufacture and sell throughout the world. It then set up shop in a small factory near New Haven.

• Refinements—The young company now turns out four different types of Spiratube, which differ in fabric covering and in the way the wire reinforcement is coiled. Basically, however, the product is still about the same as it was when Flexible took over from Warner Bros. It consists of 25-ft, lengths of coiled wire covered with fabric, which is secured by a seam of nylon thread sewed at each side of the wire.

Flexible Tubing began to refine its product immediately. It began by tightening the spiral of the wire reinforcement. This increased the flexibility, since it reduced kinking.

New Uses—Other refinements followed from experiments by the Navy and Air Force. A "scuff strip," to prevent the wire reinforcement from wearing, was added. So was a carrying rack, which held the duct retracted—like a jack-in-the-box.

There have been other uses as well.

The Navy's F4U5 fighter plane was hot in more ways than one. It burned out small flexible ducts—acting as "breathers" for engine exhausts—in a few hours. Flexible Tubing tackled the problem, came up with a nylon-covered duct that lasted 20 times longer.

Picck Vacuum Blower Co., of Valcric, N. Y., had a newly designed high-powered forage blower. It handled rough forage at high speeds, thus required tubing with a covering that was resistant to chemicals and abrasion. Flexible Tubing gave its chute several coatings of synthetic-rubber latex; Spiratube is now standard equipment on Pieck's line of equipment.

Jet-Tube is a special duct developed by Flexible Tubing for the Jet-Heet furnace, another interest of American Research & Development. Flexible achieved what Jet-Heet's engineers wanted: a flexible Spiratube that could take high temperatures under forced

But production of jet-tube was an-

other problem. It meant new machinery to produce it—a not uncommon problem at Flexible Tubing.

That machine (1) takes flexible aluminum tubing, (2) covers it with a layer of Fiberglas filling, (3) wraps it up in a covering of Neoprene, (4) hermetically seals the whole works. And it does all this in one continuous operation and in commercial quantities. Even so, company engineers aren't satisfied with it. Now they're experimenting with a final covering of vinvl plastic which will give a better seal on the outer covering. • Home-Grown-Much of the company's testing and lab techniques have had to be developed at home. Crosssectional resistance to forced drafts has been their first concern, since Spiratube

of different types and sizes to see how they perform graphically on paper. After wind resistance, the tubing's ability to stand up under extreme pressures, suctions, and temperatures comes next. Latest test figures show that laminated types of the duct will withstand 3-ton internal suction, 450 p.s.i., pressure. Silicone-covered Spiratube

is mainly an air-ventilating duct. Lab-

oratory men are constantly varying the

operating and installation conditions

can be used in temperature extremes from -65F to 520F.

 Marketing—Spiratube is not, of course, the only flexible duct on the market.
 There are other chutes with individual, crimped-metal rings for support. Two competitors in the field are du Pont and the West Hartford (Conn.) concern, Wiremold Co.

Flexible Tubing's biggest domestic distributor is Joy Mfg. Co., the Pittsburgh manufacturer of mining equipment. All told there are 42 distributors in this country. And the company also has overseas agents in South África, Turkey, Chile, and other countries.

Flexible Tubing won't give away production or sales figures. It merely says that 1948's production was 25% more than 1947's, that considerable profits are ploughed back into the company for the development and marketing of new types of tubing.

ISOTOPE READING LIST

If you've been thinking about using radioactive tracers in your processing operations, Arthur D. Little, Inc., consulting engineers, has some help for you. The firm, located at Cambridge 42, Mass., has published an extensive bibliography on the subject. A copy is free for the asking.

The booklet, 16 pages long, is prefaced by a brief outline of the uses for isotopes: (1) as tracers to detect quantities as small as a few parts per billion or to differentiate between materials; and (2) as portable sources of radiation to ionize gases, excite fluorescence.



We're always running into new uses for Stainless Steel

Allegheny Metal is one material that gets around—plenty! In fact, stainless steel has something important to do with practically all the food and dairy products you eat—the clothes you wear—the drugs and chemicals you use—the gasoline and oil you buy—the paper you read—the cars, buses, planes and trains you ride in . . . yes, even the electric power that leaps to serve you at the flip of a switch.

And that's only mentioning a few of stain-

less steel's major fields of use. The gist of the matter is that no other metal combines the qualities of great strength, shining beauty and resistance to corrosion, heat and wear to the same degree that stainless steel does.

Somewhere, you can use Allegheny Metal to advantage. In many cases it costs little or no more than lesser metals at the start, and in practically all cases it's far cheaper in the long run. • Let us help you find the way and make it pay.

Complete technical and fabricating data—engineering help, too—yours for the asking.

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Over 1000 Acres in PLANT SITES

We can offer to build for reputable manufacturers to their plans and specifications. Community-built plants. Reduced purchase plan basis. Write for preliminary engineering data and financing possibilities.

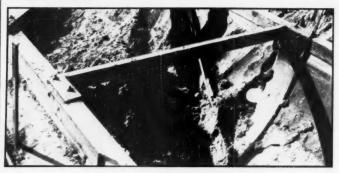
Dept. BW. Industrial Development Division

SALISBURY

CHAMBER of COMMERCE

Community Bldg. Phone 358 Salisbury, North Carolina CENTER OF THE SOUTHEAST

PICTURE REPORT



Pipe Is Made Right On the Job By . . .

job is to dig the trench and shape it to an accurate contour. Here a sled, with

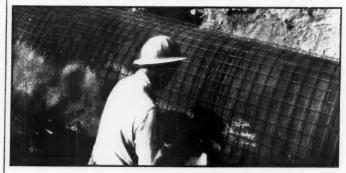
The first step in making pipe on the blades attached, is dragged through the excavation to shape a half-circle for the bottom half of the pipe.



... Spraying Concrete in the Trench and . . .

is put in the bottom of the trench. Then concrete, supplied by hose from

Wire mesh, formed to a half-circle, a portable cement-mixer, is sprayed on to a thickness of about 3 in. This gets 24 hr. to dry before the top is made.



. . . Over Forms That Make the Top Half

Steel forms 150 ft. long and covered with wire mesh are sprayed with concrete to form the top of the pipe. Forms are coated with oil for easy removal when the concrete is dry. C. R. Browning, of Tuston, Calif., devised the method, used it on a recent irrigation project in Orange County, Calif., to lay 3,400 ft. of 60-in. pipe. Eight men can "make" 150 ft. of pipe a day this way.



Not a flavoring!

Not an ordinary seasoning!

Not a condiment!

Accent is MSG

... mono sodium glutamate... over 99% pute, unadulterated, sparkling white crystals. It is a natural, not a "synthetic" product. It is the sodium salt of the amino acid, glutamic acid, which occurs naturally in all vegetable and animal protein. Ac'cent is wholesome and good—a product of nature. Ac'cent, once a prized secret of the gourmet, is now an exciting new cooking habit wherever people love fine foods. Thousands are discovering how Ac'cent emphasizes the subtle natural food flavors that increase eating pleasure. How it stimulates the taste buds to a quick, intense and sustained appreciation of food flavors. How it makes food flavors sing!

Accent is making cash registers sing, too, in more than 1500 quality food stores in principal cities from coast to coast. And in famous hotels and restaurants where the artistry of superb cookery requires the finest ingredients.

International's beautiful new food processing plant at San Jose, California, and the original plant at Toledo, Ohio, have stepped up production to meet the rapidly increasing demand. More Accent than ever before is being used by the nationally known food manufacturers, restaurants, hotels, institutions and retail stores which cater to our discerning appetite for deliciously flavored food.

If you like to cook or love fine cooking—try Ac'cent. We'll send you postpaid a 4-oz. trial canister, complete with recipe folder. Attach \$1.00 to coupon.



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International Minerals & Chemical Corporation, Dept. 8W-5, 20 North Wacker Drive, Chicago & Flease send 4-oz. trial conister of Ac'cent. \$1.00 attached.

Address



Want to shut out dirt, noise, and sticky summer heat?

Ask your Frigidaire Dealer about the new low prices on these easy-to-install Frigidaire Room Air Conditioners



If you want to live and work in cool. clean, air conditioned comfort this summer, you'll be interested in the remarkably efficient Frigidaire Room Air Conditioners now available at new low prices. The compact, quiet-running new Frigidaire unit shown above filters, dehumidifies, cools and circulates air. It can be quickly installed, plugged into any standard outlet-and the cost is amazingly low.

Like all Frigidaire Room Conditioners it's powered by the famous Meter-Miser,

which has set performance records for millions of Frigidaire products-carries its own special 5-Year Warranty.

Your Frigidaire Dealer will be glad to survey your air conditioning needs - whether for these compact room units or a large central system. Find his name in Classified Phone Book, under "Air Conditioning" or "Refrigeration Equip-ment." Or write Frigidaire Division of General Motors, Dayton 1, Ohio. (In Canada, Leaside 12, Ont.)

FRIGIDAIRE Air Conditioning



Frigidaire Store - Type Conditioners are large-capacity air conditioning systems, self-con-tained in a cabinet that requires less than 8 sq. ft. of floor space. Now available at new low



Floor-Type Conditioners designed for larger rooms and offices. They use a remotely installed compressor and offer extremely quiet operation.

Over 400 Frigidaire commercial refrigeration and air conditioning products— most complete line in the industry

Krylon Gets a New Job Protecting a Pier

During the next few days, a unique job will get under way on the famous Steel Pier at Atlantic City. Painters are going to spray the whole thing-from the pilings to flagpole-with liquid plastic. That will supposedly cut down the number of repaintings required each year to protect the pier against weather-

ing and to keep it looking trim.

New Fields—This new application will use a considerable amount of Krylon, a methacrylate type of plastic dispensed by means of acrosol spray (BW-Sep. 25'48,p79). And Krylon's promoter, Foster & Kester Co., of Philadelphia, thinks it will also open up big fields for volume use in waterfront locationswhere sea air is death on paint.

Right now, Foster & Kester is being kept busy just keeping track of the new uses for the stuff. For example, a leather manufacturer is using it on wallets: three railroads are trying it as a protective coating on coaches; a toolmaker is rustproofing his products with it during shipment. And it's being used on fishing reels, skis, labels, blueprints, exhibits, and a host of other items.

· Increased Sales-Bridgeport Brass Co. (BW-Jan.22'49,p86) packages the stuff for Foster & Kester. Bridgeport controls Rotheim patents, which are the basis for aerosol (freon under pressure) spraying of liquids. According to Foster & Kester, in every month since last November sales have been ahead of the previous month. Dollar volume already exceeds \$100,000 a month.

But Foster & Kester still isn't satisfied. Right now, it's working on two new phases of the business: developing a colored plastic spray; trying to adapt the plastic coating that can be used on fabrics

MORE LIGHT ON BRICK

Though the use of brick is an old story in construction, there hasn't been too much specific technical data on durability and performance of masonry structures. Research work at the Virginia Polytechnic Institute, under a grant from the Office of Technical Services, now indicates that: (1) the bond between mortar and brick is a main factor affecting structure life; (2) brick with rough or struck surface gives a better bond; and (3) better bond is obtained by wetting brick thoroughly before laving.

Complete technical data on tests and results are available from the O.T.S., Dept. of Commerce, Washington 25, D. C. Ask for bulletin PB 97122, titled "Mortar Bond Characteristics of Various

Brick." Price: \$1.

How to help How to help your Vice President eliminate secondary operations

Excessive rehandling costs can force you out of a market—no one knows that bette than your vice president in charge of manufacturing.

He know, too, that the one best way to reduce part costs is to do prore operations before the work leaves the automatics. But does he know that the most recent developments in tooling the new Acme-Gridley automatics often climinate not only one but two and three rehandlings?

A few pertinent case studies showing how other manufacturers have cut their piece costs substantially—by reducing handling time, machine overhead and floor space—may remind him what the new Acme-Gridleys can do for you. Here's a typical example; we'll gladly give you more. No obligation, of course.

CUT THIS OUT FOR USE WHEN YOUR VICE PRESIDENT WANTS PROOF

AN ACME-GRIDLEY CERTIFIED CASE STUDY

THIS IS WHAT HAPPENED:

PART TURNED-Bicycle Pedal Shaft

SIZE-3/4" dia. x 45/8"

MATERIAL-B-1112 Steel

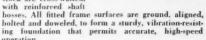
MACHINE—11/4" RA 6 Spindle Acme-Gridley Bar Automatic

OPERATIONS—13, including shave large thread diameter, and roll thread, mill flats or large diameter, die cut thread and mill keyway on small end

MACHINING TIME-15 seconds, complete

AND HERE'S ONE IMPORTANT REASON:

The rigid, box-type, balanced frame of an Acme-Gridley Automatic resists vibration, holds precision on heavy cuts, and provides ample room for many independently operated power-driven auxiliaries. Construction is strong throughout, from the heavily-ribbed pan to the rigid one-piece top brace. Gear-box and head-stock are cross-walled, with reinforced shaft







THE NATIONAL ACME COMPANY

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ACME-GRIDLEY BAR and CHUCKING AUTOMATICS built in 4, 6 and 8-spindle styles, maintain accuracy at the highest spindle speeds and fastest feeds modern cutting tools can withstand.



Which would you rather loseproperty dollars or income dollars?

If disaster shuts down your place of business, you will suffer an income and a property loss. You need protection against both!

Property insurance alone won't protect you against loss of income, but Hartford's Business Interruption Insurance can do just that. If fire, storm, or other hazards insured against, force you to suspend business, Business Interruption Insurance can protect you against loss of anticipated earnings.

Business Interruption Insurance can give you just what your business itself would have given you if no interruption had occurred.

Here, briefly, is how Business Interruption Insurance protects you:

BUSINESS BALANCE SHEET FOR ONE MONTH

Before Fire						
Sales						\$30,000
Cost of Merchandise						18,000
Gross Profits						\$12,000
Expenses						10,000
Net Profit						\$ 2,000
After Fire -WITHOUT Business Interre	uption	ı In	sur	anc	e	
Sales						None
Cost of Merchandise						None
Gross Profit						None
Expenses continuing during shutdown						\$ 7,000
Net Loss						\$ 7,000
Add. Anticipated Profit Prevented						2,000
Total Loss						\$ 9,000
After Fire -WITH Business Interruption	n Inst	ıran	се			
Sales						None
Cost of Merchandise						None
Gross Profit						None
Income from Business Interruption Insu-						\$ 9,000
Expenses which continue						7,000
Net Profit						5 2,000

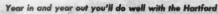
(Same as was anticipated had no interruption occurred)

Hartford's Business Interruption Insurance is adaptable to almost any business enterprise; stores, factories, garages, theatres, hotels, etc.

The Hartfords have prepared work sheets to help determine how great a loss you might suffer and how much insurance you will need to safeguard your income. Write for them-there's no obligation!

HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY
Hartford 15, Connecticut





PRODUCTION BRIEFS

Coal-to-oil conversion is speeded up economically through a chemical accelerator—a catalyst composed of tin and a chlorine compound—developed by the Bureau of Mines. You can use zinc to replace up to 90% of the tin without losing effectiveness; that costs more but would conserve domestic tin supplies.

Du Pont will center research on paints, varnishes, enamels, and synthetic resins in its \$2-million Philadelphia laboratory, to be completed in 1950. Users of du Pont finishes will be able to take their problems there.

Microwave cooking is getting a tryout on a Pennsy experimental cafe coach. The railroad is using Raytheon's Radarange, which cooks a hamburger in 15 sec., a steak in 45 sec., half a chicken in 2 min.

Pozzolan—a sooty fly ash from industrial furnaces—will save almost 55-million in building the Bureau of Reclamation's Hungry Horse Dam (BW—Mar.6'48,p30). Cuts down the amount of cement needed in concrete mixes, results in stronger construction, costs \$10 a ton less than cement.

Making high-grade aluminum from lowgrade bauxite is summed up in the Bureau of Mines' "Report of Investigations 4400," based on pilot-plant operation in Arkansas. Assays various grades of bauxite ores, describes construction and installation of pilot-plant equipment. Write to 4800 Forbes St.. Pittsburgh 13, for free copies.

Fluorocarbon gas is being marketed by Minnesota Mining & Mfg. Co. But for "application testing only"; it isn't available in commercial quantities yet. Possible applications: as a refrigerant, gascous dielectric, fire retardant, insecticide impellant.

Duplicording process makes up to 1,000 "reprints" of an original wire recording of any length. Air King Products Co. says it will give 24-hr. service at its factory, 170 53rd St., Brooklyn 32.

Electrically heated rubber—like that used in airplanes—is being produced by Goodrich for industrial applications. Stops freezing in pipelines, thaws material frozen in chutes, keeps hydraulic systems at constant temperatures.

Double-coiled filaments get more light from smaller bulbs. Westinghouse is using them to replace ordinary singlecoiled filaments. Result: 150 watts of light from 100-watt size prewar bulbs. PEDUGREE CERTIFICATE
THE AMERICAN EDWEE GUE
The of the Total Addition to the American County
The of the Total Addition to the American County
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The of the American County
The County of the Total
The Cou

THE BOXER, America's No. 1 favorite for 1949, gets his name from the fact he uses his front paws in much the same way as a human boxer when fighting. Coloring of coat ranges from fawn to brindle, but his muzzle is always black.

Buyers Who Know

Look at the Pedigree





Dependable Packaging Since 1872

THE UNION SHIELD is the pedigree mark of a box with 75 years of packaging leadership behind it.

That's why Standard Brands uses Union boxes to carry Royal Puddings—choice of millions—to dealers all over the country.

The Union shield means every step in the making, from tree to finished box, is tested and controlled by one management in America's largest integrated pulp-to-container plant.

Four modern box plants, five of the world's largest paper machines, and vast timber tracts are your guarantee of consistent quality, consistent service and fair price, today and in the future.

That's why every month more makers of famous brand products are shipping in Union boxes.

UNION Corrugated Containers UNION BAG & Paper Corporation

Principal Offices: WOOLWORTH BLDG., NEW YORK 7, N. Y.

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FOR WHAT it would cost you to send a sandwich man (at \$5.00 a day three times a week) parading back and forth through your office or plant with an ineffective sign like this...



You can give 30 employees, of average age, \$5,000 worth of Life Insurance protection under a Travelers Employee Insurance Plan—and *prove* that your firm is a good place to work.

Do employees believe what they're told?

(A lot depends on the way it's said)

Ponder the low cost of Employee Life insurance.

Then ask yourself if this isn't the best and least expensive way to tell your employees—and their families—that your company is a good one to work for?

Today with high living costs, your employees and their families will appreciate the security and protection which this insurance will bring them.

You'll be rewarded with employee good will out of all proportion to the money you invest because they can't get this kind of low-cost insurance without your co-operation. That applies even if they pay for all or part of it themselves.

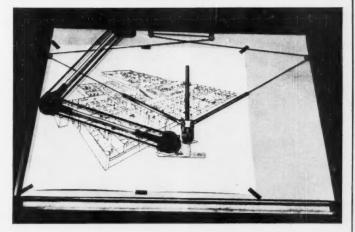
So take the first step for them now. Call in your Travelers agent or broker.

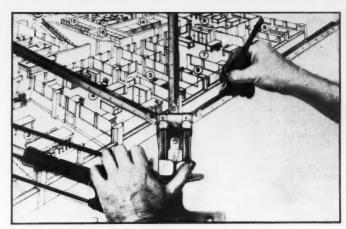
A Travelers Employee Life Insurance Plan, tailor-made for you by a pioneer company in group insurance, will win you the utmost in employee good will.

On ALL forms of employee insurance and group pensions you will be well served by The Travelers

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut. Serving the insurance public in the United States since 1864 and in Canada since 1865.

NEW PRODUCTS





Drafting Device Simplifies Perspective Drawing

Charles Bruning Co. says its drafts man's instrument, Perspect-O-Metric, makes perspective line-drawings easy. It automatically guides the draftsman's pencil toward the established vanishing points from any position on the drawing board. Special scales reduce distant portions of the drawing to their correct proportions.

The Perspect-O-Metric fits onto any standard drafting machine. Another model is available for attachment to parallel-ruling straight edges.

The Perspect-O-Metric has three (scaled) arms. The central arm is fixed at right angles to the established base line of the drawing. A left and a right arm pivots around the central arm to set the correct angle for the perspective drawing. Any movement of the Per-

spect-O-Metric causes a corresponding angular change of the left and right arms. This way, you can keep the arms oriented to the chosen vanishing point—no matter where you place the drafting machine on the drawing.

There's a right and left brake lever on the arms to keep the scales from shifting. A little pressure locks either arm in position. A knurled nut on the brake lever locks the arms permanently when one is making isometric (singleplane) drawings.

The intervals between marks on the swinging scales get shorter as the scales move toward the vanishing point. This keeps dimensions always in proportion and scale. One edge of the scales is divided fractionally, the other edge decimally. Either edge may be used upper-

National Pallets





Factory and warehouse owners who have "palletized" their materials handling operations are often quite surprised at the substantial savings that result. Here is how the use of wooden pallets can cut your materials handling costs:

LESS LABOR COSTS

One man on a lift truck can do the work of a whole crew of "man handlers."

LESS WAREHOUSE SPACE

Goods stored on pallets can be piled much higher, hence less floor space is required.

LESS DAMAGED GOODS

Pallets protect the goods which are being stored or shipped — losses from damaged shipments are greatly reduced.

LESS HANDLING TIME

Materials handling costs are directly related to the time required. Palletized goods can be handled faster.

But—for maximum efficiency, palletizing must be properly engineered. National Pallet Corporation is the oldest and largest manufacturer of pallets in the United States and has a staff of competent engineers who can furnish the exact pallet needed for your operation. Write for complete information, or use coupon below.

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Title			 		
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Clean "shave" for a rusty blade in 16 seconds

DIG into the making of high quality scoops and shovels and you'll unearth some interesting facts on their construction features.

Seasoned hardwood handles, fitted snugly into sockets of heavy 15-gauge high carbon steel blades, heat treated and hardened for extra strength, provide the elements for a long-lasting tool.

One of the important operations in their manufacture is that of thoroughly cleaning the shovel blades prior to painting. To insure a proper bond between the paint and blade, all traces of heat treat scale, oil quench residue and rust must be completely

removed from the surfaces of both sides of the blade.

Powered by a 5 hp motor and rotating at 2400 R. P. M., a set of 7 special 18" Osborn Monitor* wire steel brushes "shave" all foreign matter from the surfaces of the blade "clean as a whistle" in 16 seconds. This is just one of many cost-cutting operations performed by Osborn Power Driven Brushes.

If you are interested in cutting costs on metal finishing operations, contact us at once. A qualified Osborn sales engineer will provide you with factual data applicable to your power brush problems without obligation.

THE OSBORN MANUFACTURING COMPANY

Dept. 138, 5401 Hamilton Avenue

Cleveland 14, Ohio



WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY POWER DRIVEN BRUSHES • PAINT BRUSHES • MAINTENANCE BRUSHES most. The company is at 4754 Montrose Ave., Chicago 41, Ill.

· Availability: immediate.

Tramp Iron Pipe Trap

A nonelectric magnetic separator removes stray iron from liquids flowing through pipelines. It's a product of Ericz Mfg. Co.

The separator is inside a blister-like housing that bolts onto a short section of the pipe. The housing holds a permanently attached U-shaped Alnico magnet that will last a lifetime, the company says. It's gasket-fitted to the pipe. When it fills up with iron you just take it off for cleaning.

just take it off for cleaning.

The unit comes in 2-, 3-, and 4-in, pipeline sizes, with either flanged or threaded ends. It will withstand pressures up to 75 p.s.i.

For standard models, the housing is cast of bronze. If it's to be used with corroding acids and alkalies, it has a copper-nickel-base alloy housing. The liquid to be cleaned contacts the full

turbulence, the company says. The company address is 702 E. 12th St., Eric, Pa.

• Availability: one week.



Air-Driven Sander

Buckeye Tool Corp.'s belt sander is especially designed for work on metal with irregularly shaped surfaces. You can do sanding jobs with it on materials like sheet metal and solid castings made from iron, steel, brass, aluminum, or magnesium. It's also suitable for sanding and finishing wood products.

The 11-lb. sander requires air pressure of 90 p.s.i. if it is to run at the rated speed of 6,000 r.p.m.

The sanding belt is 2 in. wide, has an all-around length of 25 in. Different grades of sand paper for the machine

are supplied by most abrasive paper manufacturers. Buckeye Tool Corp. is at 21 W. Apple St., Dayton 1, Ohio. • Availability: five weeks.



Life-Size TV

Tele-Video equipment, developed by Telecoin Corp., projects a life-size television picture. Paste-up picture on the screen (above) gives an idea of what the TV-viewer would see. This model has a 6×8 ft. screen; there's another model with a 3×4 ft. screen.

The system works on a projector-reflection principle. The original picture received by the set is thrown onto a 14-in. parabolic-shaped mirror. Then it's projected through a specially designed picture corrector onto the viewing screen a few feet away. The corrector gives high-intensity pictures that have finer detail.

The set has four main separate units:

a master remote-control panel—which
works from any point in a room—for all
channel tuning, a picture receiver; a
speech amplifier; and the reflectionprojector lens. Cables link the units.

Telecoin Corp. says the set is good for reproduction before large audiences in clubs, hotels, business, and industrial organizations. The company is at 12 E. 44th St., New York.

· Availability: immediate.

P. S.

Surge-eliminator valve for paint sprayers evens out the flow, prevents puddling or gobbing. Steady-flow is especially useful with heavy compounds such as roofing and autobody paints, says Shaw Co., 816 W. 5th St., Los Angeles 13.

Snap-on spout can be used over and over again on almost any kind of liquid container, says the manufacturer, Abbott Industries Co., 170 Broadway, New York 7.



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Plaskon has accumulated invaluable knowledge through its 30-year background in coating resin development. Plaskon research facilities are constantly progressing, utilizing new processes, new materials, for newer and better applications in paint, varnish and lacquer products.

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PLASKON



COATING RESINS

READERS REPORT:

What Ramspeck Wants

Sirs

Your reference to me on page 15 of the Apr. 30 issue of Business week is erroneous. I am neither supporting nor opposing the excise-tax amendment to the oleo bill.

ROBERT RAMSPECK EXECUTIVE VICE-PRESIDENT, AIR TRANSPORTATION ASSN. OF AMERICA, WASHINGTON, D. C.

• We listed former Rep. Ramspeck among those urging repeal of wartime excise taxes. We did not intend to imply that he was lobbying for or against the so-called Johnson excise-tax-repeal "rider" to the oleo-tax-repeal bill. So far as we know, his activities have been confined to urging repeal of the war-

time transportation tax on its merits.

The Brannan Plan

Sirs

I would like to congratulate you for the very good job you did of summarizing and explaining my new price-support recommendations [BW—Apr.16 49,p25].

CHARLES F. BRANNAN SECRETARY.

DEPT. OF AGRICULTURE, WASHINGTON, D. C.

Sirs:

We think your explanation of the Brannan price-support plan by far the most lucid, accurate, and fair of any news report in the national news magazine field. Yours was as nearly an objective piece as it's possible to write on such a controversial subject. Unlike most others, you did not scream "socialism," but got on with the facts, and left it to your readers to judge for themselves. What equally impressed us was the accurate analysis your correspondent made of a highly complex agricultural plan. That's our field, and we couldn't have done better ourselves.

WAYNE DARROW

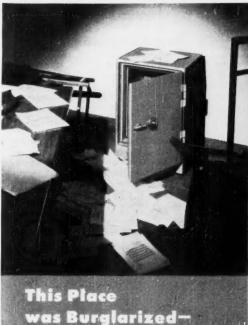
FARM REPORTS, INC., WASHINGTON, D. C.

Carpenter Stainless No. 20

Sirs:

58

We certainly appreciate the editorial comment in regard to the availability of Carpenter Stainless No. 20 in sheet and plate [BW—Apr.16'49,p56]. The rest of the note is not quite accurate. We never produced Carpenter Stainless No. 20 in cast forms. This was produced by Duriron Co. Our development enabled us to produce not only







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It's not surprising that many leading manufacturers, like The Garlock Packing Company, for example, have found that fire protection by "Automatic Sprinkler earns dividends in dollars as well as in safety. The first buildings of this multi-structure facility were sprinklered back in 1923 and the initial cost of installation has long since been amortized. Subsequent new construction has also come under the vigilance of "Automatic Sprinkler protection, an investment in safety that can't be beat.

Like Garlock, your business too, is in a position to realize the money saving advantages of fire protection by "Automatic Sprinkley", and you'll find the following facts worth keeping in mind:

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- 2. Automālie Sprinkler devices and systems are designed to the individual requirements of business, commercial and industrial alike, and are approved by all leading insurance authorities.
- 3. "Talking over" the safety and investment advantages of "Automatic Sprinklets involves no obligation on your part and surveys and estimates are cheerfully furnished without cost or obligation.

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O. V. GREENE

MANAGER OF PRODUCT DEVELOPMENT, CARPENTER STEEL CO., READING, PA.

Cotton Socks

Reference to Joseph A. Shirley's letter from Dallas, "Cotton Socks Wanted" [BW-Apr.16'49,p42]:

Did anybody speak up? I'm interested, too.

C. H. MENGER

DOW CHEMICAL CO., FREEPORT, TEXAS

I have just returned from a trip around the country and one of the cities I visited was Dallas.

One of our products—Bachelors' Friend Guaranteed Sox—is sold on the downstairs budget floor of Sanger Bros.
—one of Dallas' leading department stores.

We have requested our distributorthe Higginbotham-Bailey Co. of Dallas-to contact Mr. Shirley and also advise Sanger Bros. of your comments.

GEORGE P. HALL JAMES JAMISON CO., NEW YORK, N. Y.

Testimonial on readership of your Readers Report column:

Since you ran my 'plaint as to lack of cotton hose in Dallas stores I have received:

A letter from Pittsburgh hosiery jobbers stating that stores have been reluctant to buy adequate stocks of any clothing through fear.

A three-page price list from Spartanburg (S. C.) hosiery mill.

A telephone call from Dallas' largest retailer, manager of basement floor, stating that a manufacturer of hose they carry instructed them to contact me on "Bachelor Friend" hose, guaranteed to wear six months.

Believe it or not, a letter from the Chicago executive office of Sears, Roebuck.

The Sears letter says:

We have noted your comments on men's half hose in the Apr. 16 issue of BUSINESS WEEK. We were a little shocked and someone commented: 'I don't know whether it's our full-length dress socks that are lost, or if it's Mr. Shirley that's lost!' Perhaps proper distribution has lost its way! And this is one of our greatest concerns-and, of course, one in which we are supposed to excel.

"In our Dallas mail-order catalog we have two numbers in men's cotton full-



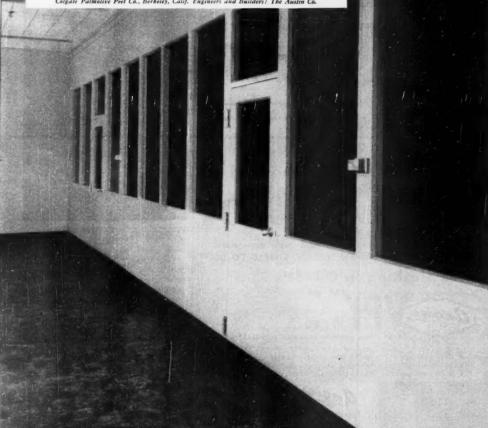
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City &

length dress weight hose: #1407 at 3/\$1.39; #1707 at 45¢.

'Our retail stores in that area carry: #R1723 at 396.

We are sending a copy of this letter to our Dallas people who will undoubtedly contact you by telephone and assist you in every way possible to procure what you need.

When they call, you might suggest to them that you would like to receive a Sears' catalog. You'll find most everything-and at substantial savings!

JOSEPH A. SHIRLEY

JOSEPH A. SHIRLEY & CO. DALLAS, TEXAS



A Prize Package

The package that Lippincott & Margulies, Inc., designed for Emery Industries' Jewels of Light candles [above] won first honors in the miscellaneous group in a competition held recently by the Folding Paper Box Assn. You may recall that you did a cover

story on John J. Emery Industries based on the package when it first came out [BW-Dec.18'48,p82]. I thought you might be interested to know that the package has certainly lived up to the expectations forecast in the article.

PATRICIA KENNEDY

LIPPINCOTT & MARGULIES, INC., NEW YORK, N. Y.

Our Taconite Resources

In your article on "Keeping Ore in the Ground" [BW—Apr.23'49,p25] you state there are at least 1.7-billion tons of magnetic taconites available for

"THERE'S A PLANT SITE HERE THAT MEASURES UP"



Compare the requirements of your manufacturing plant with the industrial advantages of these cities and towns in southeast Louisiana. You'll find in this area the things you need in raw materials, climate, labor, transport, power, water and natural gas fuel. Yes, and you'll find a spirit of friendly cooperation that means happy living and working conditions for you and your employees. The communities listed in this ad are among nearly 400 obtaining their supply of natural gas directly or indirectly from United.

No. 3 of a series featuring the cities and towns of the "Gulf South" served by United Gas

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REPRESENTATIVES IN PRINCIPAL CITIES THROUGHOUT THE WORLD AUTHORIZED CLARK INDUSTRIAL TRUCK PARTS AND SERVICE STATIONS IN STRATEGIC LOCATIONS

open-pit mining. I think this is an understatement since the Messabi Iron Co., under lease to Reserve Mining Co., alone reports reserves of 2-billion tons. In addition, there are several billion tons west of Babbit, Minn. This latter ore can be open-pitted with some stripping, but the Messabi Iron Co. ores ... require little or no stripping.

In spite of the cost of constructing beneficiation plants for the taconites, there would be an immense saving in transportation, since the production would be 65% Fe as compared to about 51% Fe in the direct-shipping ores. Adding to this the other advantages of the taconites which have been well publicized, it is obvious that this country to maintain its ascendancy in iron ore and steel production must take immediate steps to obtain production from these immense and valuable properties.

ARNOLD HOFFMAN

NEW YORK, N. Y.

• We should have said that there are about 5-billion tons of magnetic taconite available for open-pit mining, which would yield in the neighborhood of 1.7-billion tons of 65% concentrate.

A report by Professor Gruner, head of the Geology Department of the University of Minnesota, is the basis for our thinking along this line. Gruner saws that there is about an 80-mile strip in the Messabi which possibly could contain 6-billion tons or more of the taconite. However, the professor points out that a limit of 230 feet is imposed for economic reasons, and that, because of oxidization and heavy rock cover over part of this, he believes that only about 5-billion tons of good ore would be available. This, he says, would yield about 1.7-billion tons of concentrate, and very possibly less.

Sales Comparisons

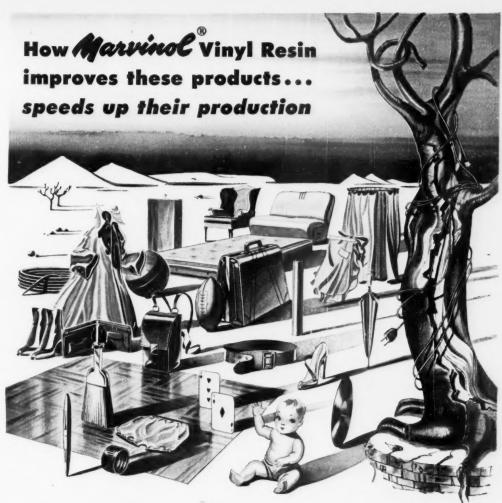
Circ

In your table entitled "Sample of First Quarter Sales and Profits" [BW—Apr.30]+0.p20], the column on "sales" shows Acme Steel Co. as having a minus 22.9% change in sales the first quarter 1949, compared to 1948. This decimal point is in the wrong place and makes the error one of great magnitude, as the correct figure should be minus 2.29%....

R. A. MORRIS

ACME STEEL CO., CHICAGO, ILL.

• Sorry about that decimal point. Fortunately, the dollar figures accompanying the percentage were correct. We have rechecked the percentages in the whole sales-earnings table, find them all accurate within 1%—except one transposition: Brunswick-Balke's first-quarter sales decline was 7.9%, not 9.7%.



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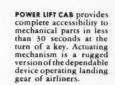


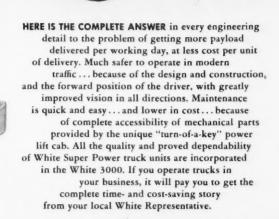




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"Since our junior-size vacuum cleaner is made largely of plastics, it presents a difficult assembly problem. We have found Push-On Type SPEED NUTS the only fast, economical, sure way to fasten plastic parts together. They can be quickly zipped over molded studs and they lock securely by 'biting' into the plastic material. Furthermore.

they provide a production cost-savings of 30% over other methods considered!"

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EXECUTIVE OPINION what do you pay for



Arnold on Conspiracy

Now that he's in private practice, the ex-trust-buster still thinks it's not the mechanism that matters, it's the result.

Pricing today is a major question in forming business policy. Many executives have in the backs of their minds the haunting worry that the government may some day put the finger on them-for illegal price discrimination; for conspiracy to injure competition; for illegal restraint of trade. Yet the way court decisions have been going, they see no sure way of adjusting their policies to put them safely within the law. And they don't enjoy the uncertainty.

That's why business week picked Thurman Arnold to interview. As head of the Antitrust Division from 1938 to 1943, Arnold changed the entire government philosophy of trust-busting. The present positions of the Justice Dept. and the Federal Trade Commission are based on his approach,

Today Arnold is in private practice, the senior member of a Washington law firm which includes two other former government men: Abe Fortas and Paul Potter. Arnold is big, hearty, energetic. He speaks loudly and oratorically. He is very sure of himself, and of the soundness of his opinious. He punctuates his talk with puffs at pipe or cigar, likes to have his feet on the desk.

BW: Hasn't the legal conception of "conspiracy" changed a lot in, say, the last 15 years? Isn't it much broader-as in the rigid steel conduit case, involving "conspiracy without conspiracy."

ARNOLD: No. Only the application. BW: Well, didn't the law used to say that it would have to be a physical conspiracy . . . and now it is whenever people do anything simultaneously?

ARNOLD: I don't think there ever

has been the rule that you have to catch two people talking together before you can prove conspiracy. . . . There undoubtedly has been a broader application of the doctrine.

BW: Well, let's get this straightened out-just what is a conspiracy?

ARNOLD: A conspiracy is an illegal combination, or an illegal agreement, or an illegal concert of action.

BW: Hasn't the government lately

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BIG BREEZE in office or factory. ished aluminum blades, Column adjustable between 5 and 8 feet from floor to center of fan. 24" and 30" quiet blades. Ceiling, floor, wall, or bench mounting. R & M Air Circulator, from \$97.50, list.

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DUST-STOP Filters take a substantial slice off the expense of air filtering, itself. Installed at a fraction of the cost of most comparable systems, efficient DUST-STOP Filters eliminate costly maintenance operations, rule out "hidden" labor costs, too. For no manual cleaning is required! No reciling! No need for expensive equipment! You simply throw dirty filters away.

For definite proof of the savings possible, contact your Dust-Stop distributor or jobber, or write Owens-Corning Fiberglas Corporation, Department 803, Toledo 1, Ohio. In Canada, Fiberglas Canada Limited, Toronto, Ontario. Cable address: FIBERGLAS, Toledo, Ohio, U. S. A.

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"None of the gentlemanly jobbers . . . were price cutters."

put a lot of emphasis on "concert of action"?

ARNOLD: I don't think that the basic law of conspiracy has changed at all. Now I know what you're talking about. It's the common practice of every business concern convicted under the antitrust laws to reiterate that there is no evidence that they ever got together. But that isn't necessary to a conspiracy. It can be shown by circumstantial evidence.

BW: Still, since last May when an appeals court upheld the Federal Trade Commission against the rigid steel conditional producers . . . there has been considerable talk that that represented a new definition of conspiracy.

ARNOLD: I think if you read the opinion it was the same old one... that the producers were utilizing the basing-point system as a method of controlling prices. And the court said they can't do this. Now it often happens in an antitrust case that, where machinery has been set up which has been used to control prices, the court will break down the machinery.

BW: You say it's common for the court to break up the machinery?

ARNOLD: Yes. For instance there has been a very famous oil case. There we had a policy on the part of the oil company not to deal with jobbers who weren't gentlemen. And it just so curiously happened that none of the gentlemanly jobbers they selected were price cutters. They may have fooled even themselves. They may have honestly wanted only gentlemen as jobbers and at the same time have been convinced that anyone who cuts prices was not a gentleman. But there was also the fact that an artificial differential was kept between high-test and low-test gasoline at two cents. Prices were kept stable because they were using this method of fixing prices. Again we had





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no evidence of a meeting. Yet this organization was enjoined by the court.

Now you must remember that once you set up an organization which dominates the market, and once you let it be understood that there is trouble for anybody who doesn't follow the organization, you have the effects of a conspiracy, and that is conspiracy.

BW: Yes, but assuming prices actu-

BW: Yes, but assuming prices actually are set independently . . .

ARNOLD: Now in one case investigated by the T.N.E.C., the big concerns testified that they were making the price independently, and the small people testified they followed them only because they knew that the big organizations knew so much about prices, and they must be the wise boys, and so the prices were the same. I got one of the independents off to the side, and I said. "Now this won't be made part of the record, but you seem to be a pretty nice fellow, would you tell me and I'm not going to call on you-but just tell me privately what would happen to you if you didn't follow the prices of the major companies?" And he said "That is something, Mr. Arnold, which I expect never to learn from per-

sonal experience."

BW: Would you say, Judge, that per se the basing-point system is a con-

miracy?

ARNOLD: I would say that if you wanted to put in a basing-point system and did it on your own there is nothing that would prevent you. But I would also say that it is unquestionably true that the basing-point system has been used as a method of not only fixing prices, but fixing production.

BW: Would you be in favor of a

BW: Would you be in favor of a moratorium on the basing-point system until this thing can be straightened out

a little more?

ARNOLD: Why, it is straightened out! What is it that you had in mind they could do to straighten it out?

BW: Well, there are other types of delivered pricing that are not basingpoint methods. Many business men use zone-pricing systems. They are now worried.

ARNOLD: In no instance where they do this independently is there any chance to prosecute them. Because the first thing that you have to show in order to have any chance of a successful prosecution is a uniform pattern that couldn't have happened by accident.

BW: That's under the conspiracy angle. But suppose you had your own unique delivered-pricing system, you would still be absorbing freight for some customers and not for others. You might be accused of injuring competition.

ARNOLD: That would depend upon the facts. There might be discrimination under the Robinson-Patman act.

BW: Isn't that inherent in some zone-



"The idea that two or three efficient men can corner a really competitive market is a bunch of poppycock."

pricing systems? Aren't you discriminating, for instance, between the customers who are on opposite sides of a zone boundary?

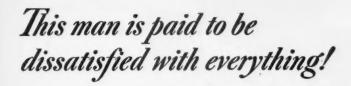
ARNOLD: You might be and you might not be. But the aim of the Robinson-Patman act is to allow businessmen similarly situated to get their necessities at the same prices. This kind of price discrimination can be avoided.

BW: You seem to find a lot of fault with business and its methods. . . .

ARNOLD: Now let's take one of my clients, the Coca-Cola Co. With some rare exceptions, it doesn't own any of its bottlers who buy the sirup. Neither does it own nor control any of the manufacturers who furnish the vast amount of supplies regulared for Coca-Cola distribution. The people who supply Coca-Cola with equipment and the people who buy Coca-Cola to distribute it are independent. Coca-Cola, therefore, has only one motive, and that is to increase the demand for Coca-Cola. It furnishes advertising, and it furnishes equipment at the cheapest possible price.

A short time ago, a large buyer came to Coca-Cola-I don't want to give the name-I had better keep these names out-and tried to buy the drink at a discount. But Coca-Cola said, "No, we are not going to give you a discount." . . even though they could have under the Robinson-Patman act. They said, "What are we advertising for, what are we spending all of this money for, wanting to get Coca-Cola into the mine, into the home, into the little stores, into the big stores, and if we put anybody out of business we are decreasing the demand, and the demand is what makes our company worth what it is on the market? No, you don't get a discount.'

The large buyer refused to handle Coca-Cola for about—oh, a very short



There isn't a Sinclair product or a Sinclair process that satisfies this man—or ever will satisfy him.

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Today, Keystone's current Diesel-powered Model 18-A Full Revolving Hoe...successor to the Model 4...also uses Twin Disc Clutches for power transmission.

There are many leading manufacturers of heavy-duty machinery, who, like Keystone, have standardized on Twin Disc Clutches and Hydraulic Drives for more than two decades. Twin Disc Clutch Company, Racine, Wisconsin (Hydraulic Division, Rockford, Illinois).





"What are you? Some kind of socialist?"

time—and then had to buy Coca-Cola.

BW: Of course, only a very strong company could afford to be that tough.

ARNOLD: Coca-Cola is in every market in the United States. It has lost half of its former trademark—the word "Cola." But it prospers; it is a tremendously great service organization, and is giving a unique service and putting money in every single state in the union, instead of taking it out. I would guarantee—no, I would bet—that, apart from the inherited wealth in every western state, the Coca-Cola bottler has the biggest income in the state.

Coca-Cola doesn't have that chief economic disadvantage of the monopoly problem—absentee ownership, draining money out of the community.

BW: What about the other side of the shield, Judge Arnold? If you were the leader in the field, wouldn't you be on the hook, too, for driving competitors out of business?

ARNOLD: You don't actually drive people out of business. Now let us take Coca-Cola. Coca-Cola doesn't care what you sell the drink for. You can buy it at the Ritz for 50¢, on a Pullman car for 25¢, in the baseball park for 10¢.

But usually it's a nickel. Why do they do that? Because they want to sell more and more and more strup, and they don't have the silly philosophy that the higher the price, the more you sell. So that, all right, we have the price generally down to five cents in spite of the fact that sugar is double and wages are double—and there is terrific competition. Has Coca-Cola destroyed anybody? Quite the contrary. Just because Coca-Cola does so much advertising, other drinks have come up.

BW: Well what about the Great Atlantic & Pacific Tea Co.? Wasn't part of the charge against them that they had been undercutting and driving out the competition?

ARNOLD: The fundamental reason why I got after the Great Atlantic &

,

Standard Oil Company (New Jersey) Reports for 1948...

A year of <u>Progress</u> and <u>Results</u> for an Oil-using World!..

OIL SHORTAGE FEARS of a year ago have vanished. All around the world, oil resources are expanding. In doing their part to meet the rising needs for oil, this Company and its affiliates last year made the greatest efforts in their history. Here are some facts from this Company's Annual Report to its more than 200,000 stockholders...

A fier setting new records in both 1946 and 1947, this Company and affiliates in 1948 increased crude oil production by 8% over the year before. Output of crude oil by our domestic affiliates represented 9% of the total crude produced in the U.S. Output of affiliates, world-wide, represented 14% of world production.



More wells drilled than ever before.

Proved reserves increased

2 SEARCH FOR NEW OIL SOURCES SET RECORDS. More wells were drilled than ever before. Costs for this were a record \$374,000,000 in 1948. Proved reserves in the earth at year's end were at a new high.



14 new Supertankers ordered, each nearly twice the size of wartime tankers

3 EVEN GREATER COSTS FOR EXPANSION AND REPLACEMENT were again required to meet rising needs for oil. Jersey Standard

and affiliates spent a record \$529,415,000 in 1948, even more than 1947's investment of 426 millions. For these needs and payment of dividends, money again was drawn from earnings, from borrowing, from sale of assets, and from further call on savings of past years.

4 NEW PACILITIES RESULTED ALL OVER THE OIL-PRODUCING WORLD. In Venezuela, the world's largest pipeline was completed. Fourteen new supertankers were ordered, each nearly twice the capacity of wartime tankers. At Montreal and Edmonton in Canada; at Billings, Montana; Linden, New Jersey; and Baton Rouge, Louisiana, new refining facilities for more and better oil products went into service. At Amuay, Venezuela, a new 60,000 barrels per day refinery neared completion.



New facilities like this modern refinery help increase oil supplies

5 RELATIONS WITH EMPLOYEES CONTINUED EXCELLENT. Again there were no domestic strikes or work stoppages. At year's end the gross investment in property, plant and equipment amounted to \$26,600 for each of the 129,000 employees of Jersey and its affiliated companies.

6 As reported in the consolidated statement, total income of all companies was \$3,332,187,000, an increase of 40% over 1947. At the same time, costs were also

up 40%. \$1,386,248,000 was paid for crude oil and other supplies, \$573,459,000 paid to employees, \$492,000,000 for other operating costs. Taxes of \$268,000,000 were paid.

7 RECORD NET EARNINGS, LARGELY PLOUGHED BACK. Consolidated net earnings totaled \$365,605,000. Yet this total, plus affiliates' earnings assignable to stockholders other than Jersey, plus all of the year's depreciation allowances was just about equal to the amount of money put back into the business to meet pressing needs for expansion and replacements. Stockholders of Standard Oil Company (N.J.) received dividends of \$2.00 per share of the Co.n-pany's stock, plus a stock dividend of two shares for each 40 shares held.



For copies of the full report write Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

ALTHOUGH world oil consumption for the year increased 6.5%, and U.S. consumption 5.6%... the need was met and more. Threatened shortages were averted. Proved reserves in the earth are greater than ever before. New, modern facilities for meeting present and future needs are coming into operation throughout the world. Increasingly, human progress calls for more and more oil. In every way, the year 1948 was a year of progress and results for an oil-using world.

The better you live, the more oil you use!

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Your inquiries are invited regarding your requirements. Write, wire or phone today for full information. Iowa, the state of sympathetic government, affords outstanding oppor-

tunities in your expansion program.



IOWA DEVELOPMENT COMMISSION



"That section of the Robinson-Patman act is not an absolute defense . . . "

Pacific Tea Co. was that its cutting of prices had, I suspected, an ulterior purpose. A.&P. was driving the corner groceries out of business, not because it could do the job more efficiently, but because it wanted control of retail outlets so that it could make money on its wholesale and producing operations. I discovered that, as of that time, A.&P. made less than 15% of its total profits in retail stores and 85% in furnishing goods to retail stores-that is, in wholesaling and producing operations. The situation that I describe is no longer true. I don't think that the management of A.&P. are bad men. I got to know them and liked them. But it was that situation which I think led to the conviction of A.&P.

BW: Judge Arnold, although you are in private law practice now, your ideas haven't changed a great deal since you were in the Dept. of Justice?

ARNOLD: Well I don't know why they should.

BW: If a company in a major basic industry suddenly started to quote lower prices in all markets than any of its competitors, would that not be regarded by the Dept. of Justice as evidence of an attempt at monopoly?

ARNOLD: No, of course not-of course not.

BW: Suppose a steel company could produce steel for \$5 a ton less than any of its customers. . . .

ARNOLD: Fine, they should sell it to the public for \$5 a ton less.

BW: But if it broke every one of the competitors? . . .

ARNOLD: Why certainly.
What are you? Some kind of Socialist?
BW: Not at all. But wouldn't the
Dept. of Justice then say at some point
in that process.

ARNOLD: Not only wouldn't, but they couldn't. . . .

BW: But if the steel company cor-

nered all the business in the country -wouldn't Justice say it was a monopoly?

ARNOLD: The only fellow that ever had that kind of monopoly was Santa Claus, because he had the power to go around to every chimney in the United States. It just doesn't happen, gentlemen-it doesn't happen. The thing that happens is what happened, in the soft-drink field where Coca-Cola is making big money. But so have its competitors made money, because of the demand created in large part by Coca-Cola's nationwide advertising. The idea that just two or three efficient men can corner a really competitive market is a bunch of poppycock.

BW: What about that section of the Clayton act which makes it illegal to so cut your price as to injure competition among your competitors-that is, among

sellers of the same goods?

ARNOLD: There's nothing to stop price cutting if you don't discriminate or conspire to injure competition.

BW: There is a section in the Robinson-Patman act which says, in effect, that what would otherwise be a price discrimination is legal if made in good faith to meet the equally low price of a competitor.

ARNOLD: Sure.

BW: So why is it illegal if, say, all steel prices are the same? They would have to be the same if everybody cuts to meet everybody else. .

ARNOLD: You have to get this straight. That section of the Robinson-Patman act is not an absolute defense under the Clayton act. This is a complicated question. The latest opinion on it can be found in the Seventh Circuit's decision in the Standard Oil case.

BW: Do you have any advice to businessmen on how to stay out of conspiracy, now that this whole situation is

so legally complicated?

ARNOLD: If I had the answer to that one I'd be glad to give it to you. Sometimes it isn't easy. I know of concerns that have been forced into artificial restriction because of the power of some dominant concern in the business and the fear of reprisals if they did not follow the leader. It is not the fault of the antitrust laws, but the prodnct of economic developments in some industries.

The ideal of the antitrust laws is to create a situation in which competition compels the passing on to consumers of the savings of mass production and distribution. Some industries, like housing, get into a snarl where no single concern contributing to the building of the house can make the final product any cheaper by lowering his own prices.

The result is a situation where private industry isn't able to fill our need for low-cost housing. In a case like that you will find government stepping in,

whether you like it or not.





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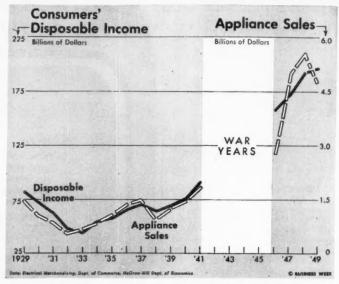
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MARKETING



NO MORE PARALLEL-as appliance sales fall behind income. Question now is . .

What Next for Appliances?

Sharp drop last winter has been followed by some pickup. But it's not up to normal seasonal gain. Makers say stocks aren't out of line, but some dealers have resorted to panicky dumping.

"The dealer who isn't out selling-is selling out."

That's the way one top manufacturer's sales manager sizes up this spring's appliance business. The truth of this statement is readily apparent at both wholesale and retail levels. Aggressive distributors have been offering dealers special discounts and package deals, trips to Bermuda for attaining quotas. And trade talk among retailers is turning to door-to-door sales, more and sounder promotion, and other methods for bettering volume.

• Toward Normal—Here's why the appliance trade is giving its sales machinery an overhaul: Appliance merchandisers are in the middle of the "hot" season in their first normal postwar year. Warm-weather buying of refrigerators, freezers, fans, and even washing machines and cleaners usually makes the second quarter the peak quarter for appliance volume. Most retailers expect the second three months of the year to provide a third or more of the year's volume.

The returns so far for this threemonth period show that:

- (1) Retail sales have picked up substantially from the past quarter's low, but . . .
- (2) The gain has not yet matched the snapback that was normal before the war.
- Readjustment—The industry has now pretty well laid aside the crying towels it used last winter, during the first postwar seasonal letdown. But it feels that it hasn't yet reached the end of its major postwar readjustment—either in marketing or in pricing. As is usual in such transitions, the producing and distributing ends of the business don't quite see eye to eye on what needs to be done.

• Who Will Cut?—Price is the meatiest bone of contention. Retailers want to see some drastic price cuts—at the manufacturer's level. And they expect that in the next few months producers will cut prices 10% to 15%.

Thus far, appliance price cuts have been made mostly by the retailers. Makers have announced a few small reductions in recent months. But it has become common practice for retailers to cut 10% to 20% below list price—via

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See the new GRAY MAGIC ROYAL today!

THE NEWER-THAN-TOMORROW trimness of its soft gray, light-absorbing tones will make you want to say—

"It's the most beautiful typewriter I've ever seen!"

But wait! Have your fingers felt its gentler touch? Have they rested on the keyboard and experienced the comfort of keys shaped to the contour of finger tips?

Not until you have actually *tried* the new Gray Magic Royal . . . seen it . . . admired it from stem to stern in your own office . . . can you really appreciate how Royal now succeeds Royal as the World's No. 1 Typewriter!



New color! New look! New touch! NEW FEATURES!

Finger-Flow Keys—Designed to cradle the finger tips, give greater clearance between rows of keys. And the touch that has made Royal the 2½ to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!

Removable Cylinder – Another bit of Gray Magic – another new Royal improvement. Single-handed, with the thumb and finger of the right hand, the cylinder can be removed to clean or change. A simple press and lift motion—and it's out. No tool kits! No mechanics!

Clean Change Ribbon — This Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss, no bother—no more inky fingers with this great Royal feature.

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When you check on the price of the new Gray Magic, you'll be pleasantly surprised. For in spite of all its new, advanced features, you pay no more for the Gray Magic Royal than for an ordinary type-writer.

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premiums, discounts, and other evasions of fair-trade prices.

This price cutting at retail has a lot to do with the industry's statistical showing in comparison with 1948. Retail dollar sales have been running easily 10% and possibly 20% below last year's first half—and even more below 1948's second-half peak. Yet much of this loss simply reflects price cuts.

• Unit Sales Good—That's one reason why General Electric, for example, can say that its 1949 appliance business thus far has surpassed last year's in all but one or two lines. Output has fallen off from the highs of 1948's second half, however; and G.E. does not expect to match 1948 figures after this quagter.

Westinghouse is making much the same sort of showing. It expects to turn out as many units of all kinds this year as last. The company will top '48 in the current half year, but will dip below it in the second.

• Costs Dropping—The producers' ideas on price reductions at the manufacturing level run about like this: They say they're cutting prices as fast as costs allow. And costs are going down; one key producer says that he will have stopped paying premium prices for steel by Aug. I. That, along with cheaper noncerrous metals and other savings, such as higher productivity, should leave some leeway for prices to drop.

When they do come, the price cuts won't be uniform for all products. Items that have been selling worst, such as washers and cleaners, are apt to be dropped most drastically: others, where sales are healthier, will dip less.

• Experience Tells—The giant manufacturers, like G.E. and Westinghouse, have fared better than many of their competitors. They boast the obvious advantage of dealer organizations and consumer acceptance. Many of the newer entries into the appliance field, however, got along with inferior, or complicated, or overpriced products as long as the sellers' market lasted. But they were hardest hit when appliances first hit the skids last autumn.

Much the same is true of dealers. Thousands of retailers entered the appliance field at the end of the war to cash in on the boom. They were unprepared, however, for the complexities of normal competition.

 Panicky—These newcomers haven't helped to make the readjustment orderly. Inventories have piled up substantially at all levels. And these heavy stocks of appliances have plainly made some dealers, distributors, and producers panicky—especially the newcomers. That has led to dumping.

On the other hand, producers do not consider distributors' stocks excessive by prewar standards—although they're up 25% over a year ago, according to the Dept. of Commerce. And many top dis-

tributors at the recent convention of the National Electrical Wholesalers Assn. insisted that most dealers' stocks, by and large, were in good condition, too.

At present, most retailers are trying to maintain a tight inventory policy. They have to as long as they are clamoring for price cuts at the manufacturers' level—to guard against devaluation of their own inventories by such cuts.

•Hopeful—Those old hands in the trade who show optimism about the future (and there are plenty of pessimists, too) draw encouragement from the spring sales spurt. They think that business will gain impetus soon because of the price drops which plainly lie ahead.

Many dealers insist that producers' recent nominal reductions have simply put consumers in a waiting mood. And they feel that buyers will loosen their pursestrings once the expected slashes in prices are made and the market appears to settle down.

• Easier Credit—The second easing in Federal Reserve restrictions in instalment credit gives them some hope, too. Terms now call for 10% down and 24 months to pay off the balance. Only three months ago they required 20% down and only 15 months to pay (18 months on some items).

The first relaxation, to 15% down and 21 months, didn't produce much



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Recipe for selling a new line of cosmetics: Take one radio comedian. Henry Morgan, and one model, Lou Campbell. Put the girl in a transparent tank of water, and let the comic make wisceracks. Stage the performance in a swank hotel. Then call in the photographers. Result: One damp model—and a publicity man's field day, demonstrating that the new Lady Exther line of summer cosmetics stays on under water.



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We won't presume to guess tomorrow's miracles. Or what might replace the electric light, the telephone or the automobile. This much we do know:

Any product has a surer chance of serving more people better if backed with imaginative banking.

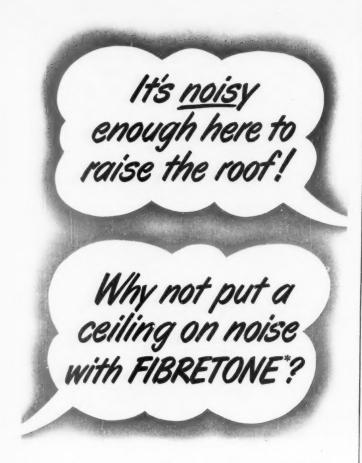
On this, the 150th anniversary of our Bank, we might "look back with pride" on our part in helping business produce and distribute many of the human comforts we enjoy today.

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sales response. In fact, instalment credit outstanding, exclusive of autos, continued to fall (BW-Mar.12'49,p32). The second easing, however, seems to be having better effect, although early reports show varied results.

It's fair to assume that the full effect of the two credit relaxations has just started to make itself felt. Credit outstanding is still low in comparison to consumer income—at least by prewar standards. What's more, the current terms are just about what the more conservative producer-distributor outfits would prefer as normal practice.

Appliance men keep reminding themselves of one thing: In comparing 1949 with 1948, they're up against a stupendous year. Dollar volume of appliance sales in 1948 was almost four times the 1940 level—while consumer incomes were up only 2½ times. Even a sharp cutback this year will leave appliance sales unusually high.

 New Competition—Here's another factor to keep track of in looking at the sales records of washers, refrigerators, and the like: New appliances, such as television receivers, are constantly competing with the older products for the consumer's dollar.

Output of television sets may well top 2-million this year, almost doubling 1948's dollar volume. On the other hand, radio volume is off almost 50%. TV will undoubtedly bolster industry sales for the year—but it won't help those producers or dealers who aren't yet in the new field.

• Potential—The recent downtrend in sales doesn't keep appliance men from growing lyrical when they talk about their untapped markets They point out that the number of wired homes has jumped by a third since Pearl Harbor—a gain of almost 10-million in all—and is rising by almost 2-million annually.

Thus, even today, only half the wired homes have vacuum cleaners; only two-thirds have washing machines; only three-fourths refrigerators. This leaves the appliance field far from saturation.

• Trend—A new Commerce Dept. study, in the April issue of the Survey of Current Business, throws a somewhat different slant on the product-by-product market. Commerce statisticians analyzed the 15-year prewar record of major appliances, related it to (1) consumer income, and (2) gradual growth in use.

Commerce finds, on this basis, that 10% more homes had vacuum cleaners at the end of 1948 than past experience would lead you to expect. But the surplus consists of over-age cleaners, which normally should have been replaced.

As for washing machines, the number in use is just about what Commerce would expect. But even in this case, almost 10% of the washers are over age.

Commerce found that the country is

about 8% short of the number of refrigerators past performance would have indicated; and another 4% are over nor-

mal scrapping life.

• Conflict—This new study has appliance men scratching their heads. The Commerce figures imply that, of the three appliances studied, the market for refrigerators is strongest, that for cleaners weakest; washers are in between. Yet the "saturation figures," which the appliance trade is accustomed to, suggest an opposite conclusion. The industry wonders which is right.

Refrigerators, despite 75% "saturation", have shown greatest sales strength, with output over year-ago levels. (That would tend to bear out Commerce's data.) But washers—"in between" according to both analyses—have had the biggest drop, somewhere between 35% and 50%; cleaners are off

less sharply.

MARKETING BRIEFS

High freight rates make it hard for Pict-Sweet Foods, Inc., Mt. Vernon, Wash., to meet competition in eastern markets. So it's selling three Pacific Northwest canning plants, setting up in the Midwest and Fast. Minnesota Canning Co. may purchase the PictSweet properties for its expanding Pacific Coast market.

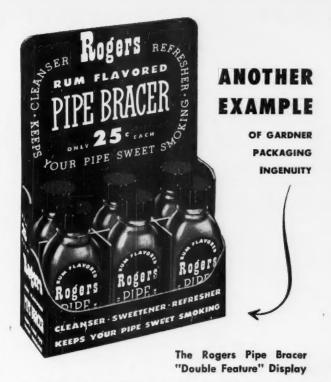
Beer consumption per capita in 1948 hit a repeal record of 18.4 gal. But the Research Company of America says this is still under the pre-prohibition peak of 21 gal.

FTC ordered Ritter Bros. last week to stop advertising that its mink coats were made from pelts of "registered, championship, trophy-winning, or prize-winning" minks. FTC says many of the skins used by the New York firm were reared on ordinary mink farms.

Sales of Futuramic Oldsmobiles at retail for the first quarter of 1949 were 26.4% ahead of the same period last year. D. E. Ralston, Olds sales manager, says 79.422 have been sold since Jan. 1.

Western Auto Supply reported sales of \$9.3-million as against \$10.4-million for April, 1948, a drop of 10½%. First-quarter sales were \$31.9-million compared with \$34-million in the corresponding quarter of last year, a 6.3% decline.

Distribution headquarters for International Harvester's farm, industrial, and refrigeration markets in Oregon, western Washington, and Alaska will be located in Milwaukie, Oregon. This means construction of a \$750,000 warehouse.



IT INCREASED PIPE SWEETENER SALES 35% -WITH NO SPECIAL PROMOTION!

How's this for a dramatic story of modern packaging? A 35% increase in sales! A 70% decrease in packaging time! It began when Rogers Imports, Inc. asked Gardner for a shipping - display carton to hold 12 bottles of Rogers Pipe Bracer.

Instead of a 12-bottle display, our designers came up with a combination package—two 6-bottle display units slipped into a shipping sleeve. Easy to pack and assemble (packaging time was reduced 70%), these smaller, more compact displays also found it easier to get preferred front-of-counter space in crowded tobacco stores. Busy dealers found nothing to fold, no dividers to remove, no "easy instructions" to puzzle over. They simply set them on their counters.

The displays did the rest. Without any special promotion or extra sales effort, Rogers Pipe Bracer sales jumped 35%.

Maybe We Can Increase "Impulse" Sales For You

If you have a product that needs an extra point-of-sale push, a product that's hard to package, or a new idea that needs a new packaging idea, get in touch with Gardner. We'll be glad to tackle it, No obligation, of course.



Two display units fit together for safe, easy shipping. The dealer has nothing to set up—he just slips the displays from the shipping sleeve, and puts them on his counter.

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Mid-America is the best farm market on earth. Here are the biggest farms, the richest soil. Here are the highest farm incomes—and of late they're higher than ever! Only fifteen states, yet they dominate dairying, monopolize meat production—they account for twice as much grain as all other states combined!

To these same fifteen states goes 92% of Capper's Farmer circulation.

That's concentration! Yet, even here, in this wealthiest of farm areas, Capper's Farmer is selective. Its subscribers are the 1,350,000 leading farm families of Mid-America—in short, the market of markets!

And this rich market is only one of the BIG 10 Capper's Farmer advantages...

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- 7. Reader confidence.
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- 9. Market dominated by
- 10. Most quoted farm maga-

No other farm magazine has them all . . . not one!

only Capper's Farmer

TOPEKA, KANSAS

Fair-Trade Revolt

Liquor price-cuts stir new battles over fair-trade codes. New York state is latest to throw out statute.

The fair-trade rebellion caught fire in New York state last week. It broke out in Florida recently (BW-Apr.23'49, p19). Week before last, it had flared up in two other states, Louisiana and California. Each time, fair-trade took something of a beating.

 Liquor Trouble—In all four states, what touched off the fireworks was liquor. Price cuts on distilled spirits had started legal action.

That in itself isn't surprising. Liquor sales have been sliding downhill in the last couple of years. During and right after the war, the U.S. consumed a lot of alcohol—and consumers didn't care what they paid for it.

Today they do care. As a result, consumption of distilled spirits in 1948 dipped to 171-million gal.; in 1946, it had reached 231-million gal. And with more and more liquor stores splitting up less and less business, the retailers' urge to cut prices has become pretty strong.

• Limited-It doesn't do to overrate the significance of the recent fair-trade defeats. In New York, California, and Louisiana, the law under fire is a mandatory law, affecting liquor and nothing else. It requires that all liquor-except a retailers' own private brand-be pricefixed under the fair trade statute. When the mandatory law is tossed out, there's still a voluntary fair-trade statute on the books of these states. Only in Florida, which had just a voluntary law, did the anti-fair traders score a sweeping victory. That state overturned the basic minimum resale price maintenance law, which applied to all fair-traded products, not just liquor.

As between the two types of laws, the distillers prefer mandatory fair-trade. Under that setup, the burden of policing the retail outlets falls on the state's shoulders. Under voluntary statutes, the distiller has to do his own policing, then get an injunction against the offending retailer. And since the offender is a customer as well, the distiller would rather have the state do the dirty work. · Summary-The New York and Louisiana defeats were the worst. In New York, the Appellate Division of the Supreme Court held that the state's mandatory fair-trade-price law for alcoholic beverages was unconstitutional. In Louisiana, the Orleans Parish (New Orleans) Civil District Court said the same thing about that state's resale-pricemaintenance law for liquors.

California struck only a tentative

blow at fair-trade. Two private clubs in Los Angeles challenged the state's liquor fair-trade law in a case before the State Board of Equalization.

 New York Ruling—The New York law (enforced since Sept. 1, 1947) compelled distillers or brand owners to set a price for their products: the State Liquor Authority enforced the prices, did the policing.

The New York ruling was made on an appeal by Edward Sidney Levine, Manhattan liquor retailer. Levine's license had been revoked for "repeated violations of the fair-trade contracts."

Associate Justice John Van Voorhis wrote the court's opinion. He stated that the Alcoholic Beverage Control law had given the State Liquor Authority the power to "determine whether pricefixing of branded alcoholic beverages does tend to foster and promote temperance, and provide for orderly distribution of liquor." But, he added, the constitution of the state requires that "the legislature should make such important decisions itself."

Immediately following the ruling, both of New York City's main package-store associations sent telegrams to their members. They urged the stores

not to slash prices.

• Louisiana Case—The Louisiana law, which was scrapped by Judge Rene A. Viosca, was passed last summer. It set up a board of Alcoholic Beverage Control with authority to enforce—by revoking or suspending licenses—the minimum resale-prices set by distillers and wholesalers. Under its provisions, the license of Schwegmann Brothers, a big New Orleans liquor retailer, had been suspended. Schwegmann took the case to court, asking that the law be nullified.

In handing down his decision, Judge Viosca stated that "while the legislature . . . may under the police power enact laws for the safety, health, morals, and economic welfare of the people, it cannot delegate the exercise of legislative power to private persons." So saying, he declared two sections of the act and parts of a third unconstitutional.

Judge Viosca also set aside an A.B.C. order suspending Schwegmann's retail liquor license. And further, he permanently enjoined the board from interfering in Schwegmann's operations because of violations of any portion of the act he had held unconstitutional.

 California's Case—California's fairtrade tiff involves the State Board of Equalization and Los Angeles' University and Jonathan clubs. The clubs are charged with selling liquor to members at prices below the fair-trade minimums.

Attorneys for the clubs don't deny that the clubs reduced prices to members. They're arguing (1) that the law doesn't apply to private clubs, and (2) that it's unconstitutional, anyhow.



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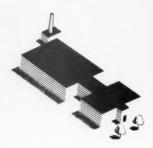
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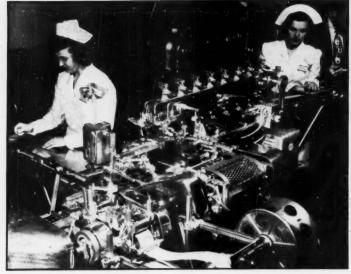
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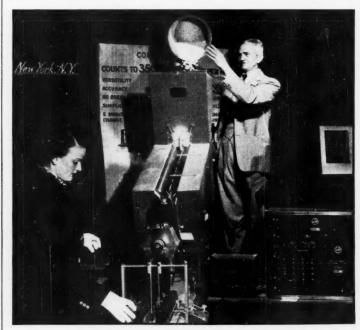
COLUMBIA, S. C.

COLUMBIA SOUTH CAROLINA



1 Paper-packaging machine, developed by Lynch Corp., Toledo, Ohio, works fast and economically. It wraps tablets and pads, ream paper, and the like, at the rate of 1,000 packages an hour. For irregular-shaped objects there is the . . .

New, Fast Tricks at the 1949



3 Counting and packaging small objects—from pills to watch parts—is the iob of the Count-O-Matic, product of U. S. Engineering Co., New York. Inventor-owner Burton R. Garrett demonstrates how machine can count 350,000 units an hour



2 Form-Wrap, designed by Triangle Machinery, Chicago, and du Pont. Vegetables go into hole, come out cellophane-wrapped

Package Show



4 Photoelectric perforator of American Perforator Co., Chicago, counts, punches date and code (CONTINUED ON PAGE 88)



Improve Public Relations with ---> **KOPPERS-ELEX**

ELECTROSTATIC PRECIPITATORS

Koppers-elex electrostatic precipitators stop the loss of profit that occurs every time the chimneys of your plant belomous earrying recoverable products! They recover amounts approaching 100% of the valuable materials passed to the atmosphere in the gas... materials that you can sell for a profit, or re-use in your own operations!

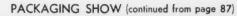
At the same time, Koppers-Elex improves your public relations. The nuisance of heavy industrial gas concentrations is eliminated, providing a cleaner, healthier community and place to work. Legal nuisance abatement requirements are more than met with Koppers-Elex because residuals in the gas are limited to any amount you specify!

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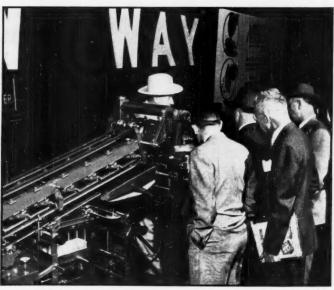


FIRST IN INDUSTRIAL GAS CLEANING EQUIPMENT





Wrap-around labeling of tubes and glass vials up to 1½ in. in diameter can be handled at the rate of 50 a minute by this machine of Dumatic Industries, Philadelphia. Maury Seifert (left), president, and Edwin George, manager, show how it works



6 Uphill labeler, made by Chisholm-Ryder Co., Hanover, Pa., moves container uphill, labels package as it climbs. Feed end is a foot lower than discharge point. From here package can be gravity-fed to case sealers (CONTINUED ON PACE 90)



Average cost of every letter you write—759! For ten, \$7.50. For twenty, \$15, and so forth. No wonder letter writers are interested in putting more pay in what they say—ueriting Money-Making Mail.

Every day millions of words ride the mails, written on fine cotton-fiber letter-head paper watermarked "by Fox River." As a service to paper-particular American business — whose daily business letter bill is over \$5,000,000 — we've established a Better Letters Division. The name states its aim—better letters for you.



Free Booklets

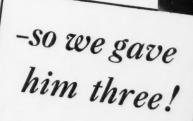
How to Put SOCK in Your First Sentence and MONEY-MAK-ING MAIL... authored by Dr. Aurner, for 18 years ranking professor of business administration at the University of Wisconsin, Write today—use business letterhead only, please.



BOND. ONION

88

"All right," he said, "give me one good reason why I should try this new spring steel."



"First," we told him, "this steel we've developed is lower in cost—in fact will cost you about \$7.00 a ton less. Second, it has a better, smoother surface than the steel you're now using, which means that you'll lessen the danger of failure. And, third, with this steel there is less decarburization during heating and you'll get better strength in your springs."

T HAT conversation took place less than a year ago. Since then this company, one of the largest makers of lower-priced cars in America, has used this steel for passenger car and truck springs . . . and has effected savings in steel cost that will run in excess of \$100,000 annually.

To these savings have been added others equally important. Re-treatment to meet load rates has been reduced from 40% to as low as 2%. Rejects dropped 50%, the inspection crew has been reduced by half.

That these substantial economies are obtained at no sacrifice in spring quality is shown by the fact that in fatigue tests —far more severe than those encountered under normal road conditions—absolutely no spring failures were recorded. Actual service on the road has corroborated these findings and indicates that the better surface and lower

decarburization of this steel definitely improve spring performance.

The development of this new spring steel, now officially designated as SAE-AISI 5160, is typical of the constant striving of our metallurgical, research, and operating departments to give you, the steel user, steels better suited to your purpose—steels that will improve performance and lower your material and manufacturing costs.

Among such special purpose steels are heavy-duty gear steels like U·S·S SUPER-KORE; superior-strength plate steels like U·S·S Copper-Nickel-Molybdenum; Hadfield Manganese; and Elevated Temperature steels.

That's why we say - if your job demands the unusual in strength, abrasion resistance, durability, stamina, weldability, or forming qualities-put it up to Carilloy Research.

FATIGUE TEST-Here passenger car coil springs, produced from SAE-AISI 5160, a new precision-rolled spring steel, are being run 500 hours, sufficiently overloaded to simulate life test on passenger car. No failure yet recorded,



TENNESSEE COAL, IRON & RAILROAD COMPANY, BIRMINGHAM
UNITED STATES STEEL SUPPLY COMPANY, WAREHOUSE DISTRIBUTORS, COAST-TO-COAST

Carilloy Steels

USS

ELECTRIC FURNACE OR OPEN HEARTH

COMPLETE PRODUCTION FACILITIES IN CHICAGO AND PITTSBURGH

UNITED STATES STEEL



Your metal address plate cabinets will hold twice as many addresses when you use Elliott non-metallic address cards.

And your metal address plate embossing machine can be sold because addresses are stenciled into Elliott address cards by any typist with any standard typewriter.

Write us, to learn of other savings in your Addressing Machine Department.

ADDRESSING MACHINE CO.

151-L Albany Street, Cambridge 39, Mass. Established 1898 · Rated AAA-I

Our booklet describes 28 models, \$45 to \$18,000



COUNT EVERYTHING Automatically . Accurately

Throughout your plant it pays to know "how much" or "how many". Productimeters inmuch" or "how many". Productimeters in-stalled on your machines at production, assembly, or points of shipping will eliminate all guesswork. Send for Catalog No. 100.

DURANT MFG. COMPANY



This soft rubber printing roll | PACKAGING SHOW (continued from page 88)



Impregnating machine to fire- or moisture-proof porous packaging material is shown by inventor Norman Stark (Stein-Hall Organization, New York, builds it). Vacuum exhausts air from material; impregnating fluids rush into pores

More and Better Packaging

Supply of most container materials has caught up with demand. Now manufacturers at Packaging Conference put heavy stress on stronger, safer packaging, more economical handling.

News for marketing men came in packages last week. It was the week of the 18th Packaging Conference and Exposition in Atlantic City, N. J. Sponsor was the American Management

· Outlook-The multibillion-dollar packaging, packing, and shipping industries geared their show to high optimism. But a cautionary note tempered the cheer: Competition is back in packaging for the first time in 10 years.

Here's how the 1949 picture looks: Supply of containers and packaging materials: adequate;

Costs: generally lower than in 1948
—but still topping prewar costs;

Availability of packaging equipment: good.

· Line by Line-Line by line, they summed up the prospects this way:

Steel shipping containers will be able to meet demand-and then some. The industry is now operating about 30% to 35% below the January, 1949, level.

Tin supplies should be adequate, since 1948 imports topped 1947's by 26%. (Tin is the only metal used in containers which is still under government control-and it will be out from under on June 30, 1949.)

Aluminum tubes are in growing demand. But there's enough aluminum around to fill any reasonable orders.

Glass container shipments were off 14% this January from the same month

Polyethylene is the only plastic packaging material not in ample supply

Paper packages abound. Demand for frozen-food packages made of paper is up. Designers are putting more thought into prettying containers to spark impulse buying.

Barrels, wooden boxes, crates are in long supply. Steel hoops and nails are no longer tying up output.

Burlap and cotton bags have slipped down from earlier demand levels. But since most textile bags are packed during the summer, demand will probably go up again.

Most package makers stressed better protection of contents, more economical handling, greater resistance to damage in transit.



"... and Douglas will follow!"

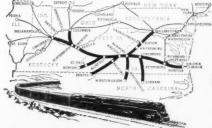
Robert Bruce, king and liberator of Scotland, died before he could fulfill a vow to make a pilgrimage to Palestine. At his death, he asked his faithful friend, James Douglas, to take his heart, in a silver casket, to the Holy Land. In 1390, Sir James began the journey. After many perils, he joined, in Spain, a band of Christians who were attacked by Moors. Just before he was killed, the loyal Douglas hurled the silver casket into the faces of the infidel horde, shouting, "Go thou before, as thou were wont to do, and Douglas will follow!"

The pages of history are filled with inspiring stories of faithfulness to a purpose. The story of the Norfolk and Western Railway began more than a century ago, when a small band of men set to work with a purpose—and built a sorely-needed little railroad nine miles long. Throughout the years, the work and ingenuity of many others have built a great when

railroad — through swamps, across plains and over mountain ranges.

Today, as in the past, the Norfolk and Western is faithful to one purpose—providing the best transportation service possible. This is a never-ending task requiring the skill and loyalty of thousands of experienced employees . . . constant study and research . . . new ideas and improved methods . . . new and better equipment — all needed to provide Precision Transportation. American shippers and travelers expect it. The Norfolk and Western's faithfulness to a purpose—is to deliver it.

When Robert Bruce's body was disinterred in 1819, the remains showed clearly that the heart had been removed. The body of Douglas and the heart of Robert Bruce were recovered by one of Douglas knights, and both were returned to Scotland and buried in Melrose Abbey. Bruce's body was buried at Dunfermline, the "Westminister Abbey of Scotland."



Norpolkand Western

PRECISION TRANSPORTATION

PERSONAL

to the 3039 DALLAS

TRAVELERS Who visit regularlyl



orated rooms, delicious food and superior service are even better now! Coming back

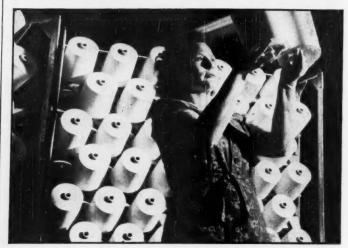


OK LAHOMA CITY, OKLA.

Hospitality Heart of the State. 600 rooms from \$3.50!



REGIONS



NEW PLANTS This is the corner of Celanese Corp.'s new plant at Rock Hill. S. C., not far from Charlotte. Its opening last fall created 2,000 new jobs. This sort of expansion, by businesses in other lines as well, has meant . . .



NEW STORES This 90,000-sq.ft. unit of the Sears, Roebuck retail chain is just one of many new units opened up in the area to serve the increased purchasing power that has developed since the war. So, despite the letdown in textiles . . .

Queen City' Keeps Her Crown

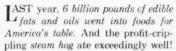
Charlotte, N. C., is first and last a textile center. But now it's a distribution and merchandising center, too. With textiles slumping, diversification has turned out to be a good economic prop.

The "Queen City" of North Carolina was wearing her regal title jauntily this week. Around the Square, in the heart of Charlotte's downtown section, people slowed their pace to bask in the warm southern spring. And everywhere, despite a case of unemployment jitters, there were signs to give minds confi-

dence. They could be spotted in the form of bright new buildings sprouting on main streets and outlying highways. • Stores-Sears, Roebuck & Co. had just opened a brand new, \$1.6-million store. Gen. Robert E. Wood, the company's chairman, on hand for the opening, made Charlotte's citizens swell with



Is there a STEAM HOG in your plant?



Edible oil processors have another name for this "steam hog." They call it deodorization... a function bearing heavily on flavor and purity. Conventional batch methods gobble up steam in huge quantities. Much of it goes to "strip" away volatile impurities; more of it is used to maintain a vacuum. And very often, this one operation consumes as much as one-half of all the steam the plant uses!

Votator Division engineers have developed apparatus to curb the steam hog's appetite. It's called the Votator Semi-Continuous Deodorizer—auto-

matic, foolproof, relatively simple and compact. Delivering a high-speed stream of deodorized oil, it consumes 70 to 90 per cent less stripping and vacuum steam than comparable batch deodorizers. In the case of one typical plant, lower steam and water bills added up to an annual saving of \$64.500!

Through the development of distinctive apparatus and methods, Votator Division engineers have a firm reputation with processors of liquid and viscous materials. In the design, engineering, and construction of edible oil plants—complete or in part—they have long since proved their mettle. Why not give them a crack at solving your particular problem?

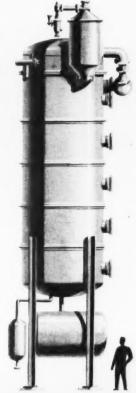
VOTATOR DIVISION

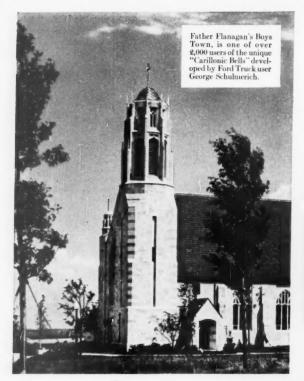
THE GIROLER CORPORATION

LOUISVILLE 1. KENTUCKY

Heat transfer apparatus for the continuous, closed, controlled processing of viscous and liquid materials

VOTATOR is a trade mark applying only to products of The Girdler Corporation.





Smart idea!

His "Carillonic Bells" tell the "sweetest story ever tolled" in over 1,200 communities!

"CAST BELLS COST MORE than many communities can afford," says Ford Truck user George Schulmerich of Sellersville, Pa. "So, to bring bell music within the reach of more people, I designed my 'Carillonic Bells.' "Schulmerich's relatively inexpensive instrument reproduces English or Flemish cast bell tones so faithfully, the average musician can't tell the difference. In just 15 years, his idea has grown into a million-dollar business. Six Ford Trucks help service 2,000 Schulmerich installations in over 1,200 "Carillonic" communities from coast to coast.



GEORGE SCHULMERICH shows how bell tones originate. Tiny hammers strike bell metal to make barely audible sounds.



BELL SOUNDS are amplified electronically 100,000 times or more and transmitted from towers for distances up to 14 miles.

Smart move!

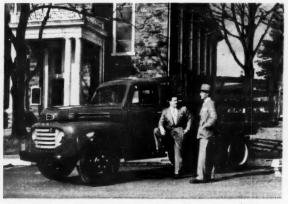
He uses six Ford <u>Bonus</u> <u>Built</u> Trucks in his business. Smart move! Smart business!



"THE FORD LOADOMATIC distributor automatically regulates spark advance, depending on engine speed," says Dealer Rorer; "and it gives you the 'plus' of compensating for engine load, too.



"THE AXLE HUB is extra big, therefore, extra strong. Because it is big, it can use tapered dowels on each of the eight large drive studs to assure solid attachment of the axle shaft flange—a feature usually found on higher-priced trucks...aly."



"IT RINGS THE BELL with me," says George Schulmerich, as he is introduced to a new 1949 Ford Model F-5 Stake Truck by Ford Dealer Mickey Rorer of Sellersville, Pa. "It's a natural for your cross-country work," comments Rorer, "because it's Bonus Built with big reserves of strength to take anything in stride. That goes for over 139 models in the Ford Truck line, from the 145-horsepower Big Jobs to the half-ton Pickup. Ford Trucks are built extra strong to last longer."

Schulmerich's Smart bet!

FORD TRUCKS LAST LONGER!

Using latest registration data on 6,106,000 trucks, life insurance experts prove Ford Trucks last longer!





CHARLOTTE FINANCIERS R. S. Dickson (left) heads an investment company that does a big business in the financing of textile companies throughout the south. Robert Lassiter, Sr. (right), long a leading textile man, served on the board of the Richmond Federal Reserve Bank for 25 years, still keeps a finger in financial affairs. He's a director of Seaboard Air Line Rv.





CHARLOTTE MERCHANTS J. B. Ivey (left) is head of a small but flour-ishing chain of department stores, featuring upper-bracket merchandise. W. H. Belk, Sr. (right), who started out with a packing case as a desk, now has a chain of 273 small variety stores scattered over 12 southern states. To keep them filled with merchandise, he operates a central buying office in Charlotte

pride when he said: "We put our big stores in growing cities in growing areas." Not a block away, Colonial Stores, Inc., big southeastern supermarket chain, was creeting a new unit. On the outskirts of town, its competitor, Atlantic & Pacific Tea Co., was putting up a \$1\frac{1}{2}\text{-million} distribution center.

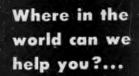
• Plants—In nearby Rock Hill, just across the South Carolina border, Celanese Corp. of America was bringing into full production a new \$40-million yarn plant, which created some 2,000

new jobs. And to serve all the grow-

ing industries in the area, Duke Power Co. was embarked on a \$115-million expansion program.

• Diversity of Businesses—The variety of businesses putting money into building projects gives a clew to Charlotte's good financial health.

Ten years ago Charlotte's economy, like that of so many other towns throughout the Carolina Piedmont, was based on one industry: textiles. Today the city, boasting a population of 140,000, has many. And the diversity—in contrast to textile towns like Lawrence,



The United States.

Ebasco helps firms solve such problems as costs, production, expansion, finance, etc.

Frankfort, Germany.

Ebasco made appraisals of industrial properties in American Zone for reparation purposes.

Venezuela.

Ebasco is building a complete new community on Lake Maracaibo for a petroleum comp. ny.

Shanghai, China.

Ebasco designed and constructed a major extension to a steam electric station.

Chandni, India.

Ebasco is designing and supervising the construction of India's first large newsprint mill.



These instances, while depicting a small sampling of Ebasco's worldwide activities, are representative of a few of the services Ebasco is equipped to offer you—anywhere.

At home or abroad, consider Ebasco as your reserve team of specialized manpower—available to help you at any time on problems of engineering, construction and business operation.

Teamwork is routine for Ebasco men. Each Ebasco specialist calls on other Ebasco specialists for advice and information. They work as teams on bigger problems. Ebasco's staff means a vast reservoir of experience available to you.

Write for your copy of the booklet "The Inside Story of Outside Help" describing the many Ebasco services available to you. Ebasco Services Incorporated, Two Rector Street, New York 6, N. Y.

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Ebasco Teamwork gets things done anywhere in the world.



Appraisal - Budget - Business Stedies - Consulting Engineering Bosign & Construction - Financial - Industrial Relations Inspection & Expediting - Insurance & Presions Purchasing - Ratus & Pricing - Research - Scales & Marketing Systems & Methods - Tazes - Traffic

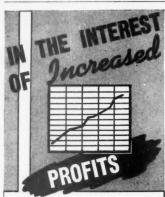




Signal's complete line of desk, pedestal and floor fans are designed to keep your offices cool and comfortable — temperature down, efficiency up.

Today, make a low-cost investment that will net you years of increased operating efficiency. Call your nearby Signal Dealer!





A Smithcraft fluorescent lighting installation assures a definite increase in work performance, because the efficiency of every office, store and plant depends upon proper "working" light. In thousands of commercial and industrial locations, management has recognized that Smithcraft Fluorescent Fixtures cut operating costs, stimulate sales, and increase profits. You, too, can benefit by specifying "Smithcraft" — America's finest

fluorescent fixtures.

WRITE FOR DESCRIPTIVE FOLDER
R-6 TODAY!



Mass. (BW-May7'49,p24), that have remained on a one-industry basis—has given Charlotte a healthy resilience.

• Distribution Center—Charlotte is still a textile center; but it is also a major distribution center for northern manufacturers and food processors, reaching the entire southeast. The expansion programs of A.&P. and Colonial Stores point up Charlotte's importance in the food line. Automotive parts worth \$300-million a year passing through the city point up Charlotte's importance as a manufacturers' distribution center.

Petroleum and chemical companies have recognized Charlotte's central location, too. Plantation Pipe Line, subsidiary of Esso Standard, counts Charlotte as a main terminus. And E. I. du Pont opened a new building there last fall to house the offices it has in the area.

• Trucking Center—As an outgrowth of its importance as a distribution center, Charlotte has also become a motor trucking center. Some 90 companies, employing 5,000 people, have head-quarters or terminals in Charlotte. And several—Roadway Express, Frederickson Motor Express, Carolina Transfer & Storage Co.—all have building programs afoot.

To top off its economy, Charlotte has a healthy scattering of smaller manufacturing industries that make everything from boilers to bubble-blowers. Then, too, several important engineering and contracting firms are cashing in on the construction programs.

• Late Growth—Actually, Charlotte started its prewar boom a good bit later than many other southern cities. For a while, when new plants were springing up over the South, it almost looked as if Charlotte might be passed by for other likely locations.

Then, in 1941, W. C. Dowd, publisher of the Charlotte Daily News, took a look and decided something had to be done. Other important men agreed, and Dowd was named chairman of the Chamber of Commerce war industries committee. In this spot he became Charlotte's ambassador-at-large to the War Production Board and Yankee capitalists. He soon had tangible evidence of his success in the form of a shell-making plant, operated by U. S. Rubber Co.

• Figures—After that Charlotte began to hit its stride. A few figures point up the city's growth since 1940. In 1940, Federal Reserve Bank clearances of checks came to \$2.6-billion; in 1948 they totaled \$11.6-billion. In 1940, \$4.3-million worth of building permits were issued in Charlotte; in 1948 they totaled \$17.5-million. In 1940 carloadings in and out of the city came to 61,000; in 1948 they were 101,000.

Charlotte has grown so much in the

past eight years that the city government's biggest problem right now is keeping public improvements abreast of private industrial growth. As Mayor H. H. Baxter has expressed it: "Charlotte is traveling so fast that it creates problems which can be met only by optimists."

• Merchandising Center—As Charlotte grew and prospered, so did its merchants. So much so that today the city is the center of several hustling retail chains that serve the South. The largest, in number of stores, is the Belk Brothers chain, which has 273 small- and medium-sized stores scattered through 12 southern states. The chain is headed by its founder, W. H. Belk, who set up business in Charlotte years ago, with a packing case as a desk and a nail keg as a chair.

Another mass-merchandising chain is Efird's Department Stores, also presided over by its founder, a small merchant grown big, Joseph B. Efird. His chain of 55 semi-independent stores are also scattered through big and little southern towns. Neither chain works on a single pricing policy, and it is not uncommon to find an item in one Belk store selling quite a bit cheaper than it does at another Belk store 20 miles

• Spending Habits—The third chain of importance with headquarters in Charlotte is J. B. Ivey & Co., which, like the other two, is presided over by its founder, J. B. Ivey. In Ivey's league, stores are located in a handful of big southern cities, and cater more to the carriage trade.

According to a recent private survey. Charlotte's retail sales for 1948 came to some \$187-million. In recent months, however, following the national trend, merchants report that their dollar volume is down by around 6%, with furniture and appliances hardest hit. On the other hand, North Carolina retail sales-tax collections, a fairly good barometer, were reported up in March, 1949, over March, 1948.

• The Importance of Textiles—Despite its diversified growth, Charlotte has never forgotten for a moment the importance of the textile industry. It is still the area's basic industry. Of the nation's 24-million spindles in place, the South has approximately 17-million: of these the two Carolinas have some 11.2-million. In North Carolina alone, nearly 220,000 people are classed as textile workers. Their average weekly earnings are around \$41.00. Charlotte is also a major center of fine hosiery knitting.

Due to its position, Charlotte has also become an important financial center for the southern textile industry. Several downtown firms do a brisk overthe-counter business in textile stocks; and many an oldtimer wouldn't think "Sure, I cut travel expense ... WHAT'S MORE ...



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of investing his money anywhere else. • That Worrisome Slump-Naturally, Charlotte businessmen have worried over the current slump in the textile market. But they have their fingers crossed. One big firm, Textiles, Inc., which has 16 mills in the Carolinas, takes the optimistic view that the slump is ending. Although its prices and production volume are 25% under postwar peaks, it says that it has made no hourly wage cuts. But curtailed production has naturally cut the weekly take-home pay of those still employed. Burlington Mills Corp., which has a large concentration of units in the area, estimates that its weaving mills are running at 75% to 80% of capacity, while its knitting mills are running at 90%.

Textile machinery manufacturers have a sadder tale. They report a decided letdown in orders in the last few months, with some cancellations com-

ing in.

• Unemployment—The accompanying decline in employment is the worst since the late 1930's. The biggest number of people who have lost their jobs since November are in the class who spent their paychecks as they got them. Now, many of them are nearing the end of their unemployment compensation payments, and their morale is low.

The North Carolina State legislature recently revised the state compensation law, lengthening the period of payment from 16 to 20 weeks, and raising the payments from \$20 to \$25 a week. The legislators had plenty of leeway to do this. North Carolina's treasury recently reported it had an unemployment compensation reserve fund of \$155-million-equal to 130% of the total amount that could be paid if all insured workers drew the maximum amount allowable.

• Confidence—But in any event, Charlotte is counting heavily on its role as a distribution center. Charlotte came into this largely due to its natural geographic location, near the heart of the southeast. In addition to the new A.&P. warehouse, several other food companies are expanding in Charlotte. Armour & Co. is building a \$350,000 office and warehouse building. Swift & Co. is spending \$150,000 on an expansion to its cotton-oil refinery. Streitmann Biscuit Co. is adding 15,000 sq. ft. of office and warehouse space.

According to a U.S. Census report, Charlotte spent \$24-million for food-stuffs in 1946–214% more than it did in 1939. And according to a private survey, Charlotte ranks sixth in buying income per family among the U.S.'s 200 largest cities. "Hell," said one Charlotte businessman last week, "this ain't no time for sorrow. It's a time for rejoicing. My wife just got a full-time maid back for the first time since the war."

How to Expand?

State development agencies argue over whether it's better to attract new industry from outside or to build from within.

State and community development agencies have grown fast in recent years—particularly since the war. Their function: to build up local industry and boost local payrolls. Many operate by trying to attract new industries from other states or cities. But some think that this type of activity is wrong; that development of existing industry within a community is a much more sensible course.

• Into the Open—The argument has been getting hotter and hotter—although it has been almost entirely behind the scenes. But last week, at a meeting of the Assn. of State Planning & Development Agencies, in Detroit, it flared into the open for a moment.

A routine panel meeting was discussing policy and methods for attracting new industry. Then Ross Goddard, of the Worcester (Mass.) Chamber of Commerce, stopped the show. He told the panel that outside promotion was bad, stupid, wrong; that encouragement of internal expansion was the only sensible alternative.

After Goddard spoke, the controversy was relegated again to corridor conversation. But there is no question that this problem of the proper sphere of action for local-development agencies will continue to grow in importance.

 Critics—Goddard and the other critics of external expansion assert that no net national gain ever results from companies simply changing location, or establishing branch plants where they might not have otherwise.

Furthermore, they say, there's absolutely no evidence of any relocation resulting entirely from large-scale publicity or advertising campaigns. They argue that companies that want to move, or to establish new branches, already know that there are 48 states—and that they certainly check all possibilities before transporting millions of dollars worth of plant equipment.

• Defenders—There are still many defenders of development from outside, including New York, Pennsylvania, Oklahoma, and Iowa. They argue that promotion and advertising, while they don't close deals, do make contacts, and often get companies to consider states they hadn't thought of before.

They believe that this type of development leads to a more balanced distribution of industry—which, in the long run, prevents the growth of blighted areas, where old industries have

died and no new ones have taken their places. And they say that the entire nation benefits by lower prices when plants are located in the place which is most economical from an operating standpoint.

· Swing-Most development so far has been of the external type. But recently many states and cities have begun to switch their stand-even those which have been doing big promotion jobs on

the outside.

A typical case is Goddard's own Worcester. At the close of the war it was confronted with the possible permanent loss of 10,000 jobs as a result of closing war plants. The Chamber of Commerce spotted the problem before it became serious and set out to meet it. A survey revealed that, of Worcester's 500 industries, 350 were very small and could be expanded considerably. Outside management consultants could have done the building-up job, but small businessmen couldn't afford to pay their prices. So the C. of C. decided to take on the job.

• Money-Financing problems came first. Money was raised by convincing members that, if they didn't pay increased dues, they would have to pay even more sooner or later in the form of higher taxes to furnish relief for the unemployed. Members promptly came across with the needed \$80,000 a year.

Then the chamber hired four experts-in sales, production, transportation, and foreign trade-who worked with the town's businessmen to show them how they could do better.

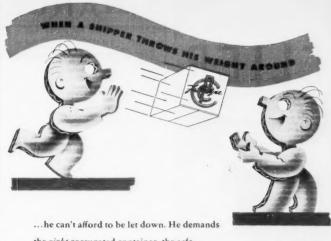
• Results-After one year, Goddard told the meeting, Worcester had "84 new industries-all but one of local origin." From 1945 to 1947, the town's new industries numbered 200, out of about 2,000 for all of New England.

Employmentwise, the picture has been the same. Today, 90,000 are gainfully employed in Worcester; the wartime peak was 91,000. Worcester men figure that a loss of only 1,000 since the war is more than satisfactory. But they have not quit; the program has been

made permanent.

• Other Converts-Worcester is by no means the only place that is working from within. Many other cities-such as Louisville, Ky., and Gary, Ind.-have local groups working to expand native industries. All give aid and information; some even provide financial assistance. Several states, including Connecticut, Michigan, Vermont, and Illinois, have established statewide organizations for the same purpose.

Several states are now carrying on joint programs: both external and internal. It seems likely that this will become the popular solution; that the entire question will develop within the next few years into one of emphasis rather than choice of one method alone.



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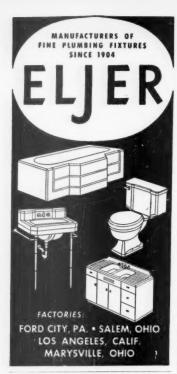
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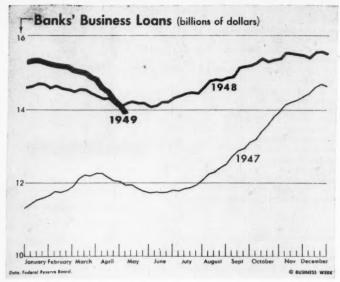


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FINANCE



BANKS' LOAN VOLUME drops, as business has less need for "outside" money. But . . .

Bankers Aren't Worried-Yet

They think loan decline means only that the normal seasonal pattern is back, Business Week survey finds. Interest rates stay firm, but some concessions are being offered.

The demand for corporate bank credit is off sharply this year. Total volume of outstanding bank loans to business is 10½% below the peak in December. And it is under year-ago figures for the first time since the start of postwar reconversion.

For 16 straight weeks, business has paid back more on old bank debts than it has drawn out in new ones; in fact, that trend has speeded up some in the past few weeks (chart). And there are still no signs to indicate a halt.

• Rates Firm—Bankers are like any other businessmen in one way: When business declines, there's always a temptation to cut prices (interest rates). But so far, at least, the drop in bank loans has not touched off any general reduction, according to a BUSINESS WEEK survey this week of banks throughout the country. You can find some easing of credit, however, if you look for it. For instance:

RATES AREN'T RISING any more, at least; the gradual increase ever since the war has stopped.

BANKS HAVE SHAVED RATES occasionally

to keep a particularly good piece of loan business, or snatch one away from a competitor.

RATES HAVE COME DOWN slightly on "secondary" borrowing—loans to businesses whose credit rating isn't good enough to qualify for the low primeinterest rate.

BORROWERS CAN GET longer-term loans. In many areas, good customers have no trouble getting six- to nine-month loans; previously 90-day paper was the preference—or even an absolute requirement.

• Not Worried—Few bankers, the Business week survey found, are worried by the drop so far in outstanding loans. Most of them feel it merely means a return to "normal"—that is, the old seasonal loan pattern is back again. Before the war, loans typically declined in spring and summer, rose again in the fall.

So, many banks fully expect to see their loans drop still further in the next few months. They think the decline will slow up, however—again in line with the prewar seasonal pattern. And

they don't think things will get so bad that they'll have to start cutting rates in earnest to keep their loan portfolios

at satisfactory levels.

• Reasons-Practically every banker that BUSINESS WEEK talked to insisted on one point: The decline in loans is definitely not due to any tightening of credit requirements. Less demand for bank money, they say, is the true cause. They give several reasons for this softening demand. Among them:

(1) Since the price rise halted, and sales in many lines have slipped, business in general doesn't need so much money to operate. Most firms have been cutting inventories, tightening up on receivables. Both of these factors reduce the need for "outside" capital.

(2) A lot of the postwar borrowing has been for capital improvements. But by and large, companies building new plant or buying equipment used their own money first; they turned to the banks only for what they couldn't swing themselves. Capital spending has been tapering off; so it's reasonable to assume that the decline first affects money that would have been borrowed from banks.

(3) The bankers report that there has been considerable "switching" of loans recently, from banks to insurance companies and other institutional lenders. · Caution-Although bankers haven't tightened credit requirements for new loans, they have been keeping a sharp eye on old ones. In some cases, banks have encouraged-or even ordered-a borrower to settle up when it seemed that an unfavorable trend was impairing his finances. This has been particularly true with postwar newcomers to a field; they often don't recognize the adverse signs, and thus don't pull in their horns in time.

Here are some of the city-to-city findings of the BUSINESS WEEK SURVEY:

Boston. Bank's business loans started to slide about a year ago. But bankers aren't worried; they think it's a good sign in that it shows a return to "normalcy." They expect a seasonal upturn in volume in the fall.

There has been no sign of rate-cutting competition so far. But there has been some competition for business between Boston and New York banks. "Not enough to matter yet," says one Boston banker, "but it will probably grow."

New York. Business loans by Manhattan banks have dropped steadily for 11 weeks; they are now at the lowest level since October, 1947. By and large, interest rates have not been trimmed: in fact, the average rate on short-term loans is 2.38%, compared with 2.09% a vear ago.

Competition for business, however, has sharpened. Companies considered a prime-credit risk have been shopping around lately, and the banks have been making some concessions to get their

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business. For instance, one big investment trust told its shareholders recently that its banks had O.K.'d a 2½% rate on its borrowings for the 12 months ending May 31, 1950; it was paying 2½% before.

Atlanta. Bankers here report a softening of interest rates as well as a drop in outstanding loans. So far this applies mostly to loans of \$10,000 or more. It has been particularly noticeable on the really big loans, \$100,000 and up. One cause: "We are meeting New York competition on any loan large enough to get New York attention."

Pittsburgh. Opinion on the decline in loans is divided. Some banks feel their loans are being paid off a bit too fast to suit them. Others say they aren't sorry to see demand drop a little—their loan portfolios were getting too full anyhow. Rates have been holding firm; local bankers think they will continue to hold for the next two months. After that, "rates will depend on business conditions."

Here, too, bankers report that New York competition is putting pressure on the 2% rate for national names. Good local names have been able to borrow recently at 2½% to 2½% on 90-day

Cleveland. Bankers think the decline in business loans will keep on for a while. One banker's reason: "It doesn't take the same amount of money to do business now that it did in 1947 and 1948." Rates have been holding firm, and are expected to stay that way for the next few months at least. But bankers are a bit more willing to make concessions on time limits than before.

Detroit. The drop in loan volume has not brought any change in rates. The prime-loan rate—for national companies with top credit ratings—is still 2%; big local concerns can get money at 3% to 3½%; "fringe" borrowers pay 4%.

Local bankers say their New York and Chicago correspondents expect no break in rates, but that they aren't sure this will hold true if volume continues down. They say breaks in interest rates usually start in Boston and St. Louis; they are watching those areas closely.

St. Louis. Less demand for loans is expected to continue "until people start buying again." There has been no change in interest rates yet.

One banker's explanation for the loan decline: "Grain prices are down, so grain buyers don't need to borrow as much to buy the same amount." Another thinks an important factor is that shoe companies are buying cautiously, aren't carrying heavy inventories any more.

Chicago. Bankers here aren't much alarmed yet by the loan picture. But some banks think their loans are falling "too fast;" they are sending their top executives out in the field to find new loan business.

There's no evidence that rates have softened, though you hear a lot of rumors of rate-shaving. Some bank's are welcoming longer-term commercial loans. One banker thinks rates will be down in the fall if a seasonal upturn in business doesn't come.

Dallas. Bankers report there is still a strong demand for bank credit throughout the Southwest. Most banks have all the loans they want to hold currently. So the competition factor is not present here; the trend of rates is still upward in many cases.

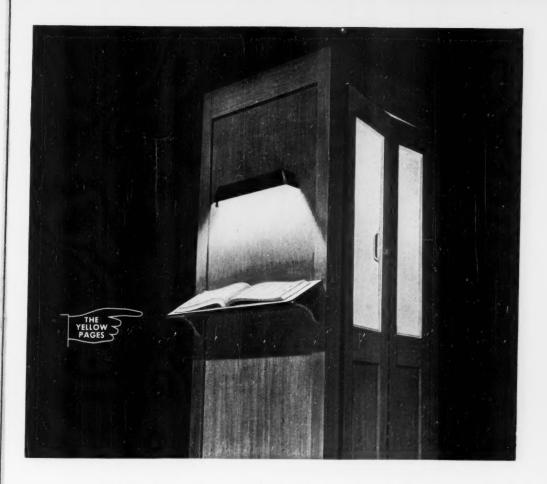
Denver. Postwar loan volume in the Rocky Mountain region didn't rise as sharply as in other areas. While volume has been drifting lower lately, it has held up better than elsewhere. Rates have been holding firm, too. And they are not expected to dip very much in the near future. As one banker puts it: "They just can't go much lower, or banks will be loaning money for less than the sheer cost of doing business."

San Francisco. The volume of outstanding loans has been slumping a bit each week. Thus far, however, there have been no signs of any rate shaving. Two months ago the going bank rate, after a gradual rise, reached a 2% plateau for prime risks; it has been hovering there ever since. There's no present sign that any change is imminent. But bankers admit that rates may soften "if this recession gets worse."



Copperweld President

The directors of Copperweld Steel Corp., Glasport, Pa., which makes copper-covered steel wire, have elected Frank R. S. Kaplan to head the company. He succeeds S. Eugene Bramer, who died recently. Kaplan has been vice-president, secretary, and general counsel for the company.



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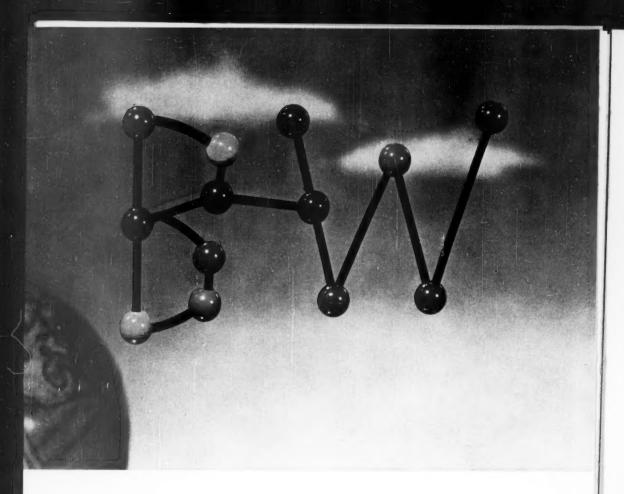
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*Source: Publishers' Information Bureau Analysis

Eversharp Feud

Straus' fight with directors may bring fireworks at stockholders' meeting. Row has roots in pen division's losses.

A bitter management dispute at Eversharp, Inc., forecasts fireworks next week at the annual stockholders' meet-

ing in Chicago.

• Battlers—The row is between Martin L. Straus II, board chairman since 1947, and the other directors. It came into the open last week when a proxy letter went out to stockholders, along with the annual report. The letter asked for proxies for a management slate of eight directors up for re-election. It said: (1) Straus and 10 of the other 13 directors had agreed on Apr. 28 to support the management slate; (2) they had made an oral deal to re-elect Straus as board chairman for a year; (3) but Straus would be chairman in name only, with his powers limited to presiding at meetings of the board.

• Blast-The letter had hardly hit the mails when Straus blasted it for statements that he called "false, misleading, and untrue." He had objected to the points, he said, before the letter went out. As owner of 9.7% of the com-

pany's common stock, he refused to support the management slate, said he was withdrawing his name from the list. And he threatened to form an opposition slate of his own.

• Source—The blowup probably goes back to the misfire of Eversharp's CA repeater ball-point pen (BW-May4'46, p70). In the last two years, the company's Writing Instruments Division has been deep in the red-\$2.3-million in 1948, \$10.1-million the year before. Last year the company as a whole showed a profit of \$1.2-million, compared with a net loss of \$3.4-million in 1947. But the profit came from the Razor Division; it racked up a net of \$4-million before taxes.

• Upheaval-The poor showing by the Writing Instruments Division brought a shakeup this year. Directors tightened the reins on Straus' duties and powers in January; in April, they accepted the resignation of Arthur H. Rogow as president. Since then there have been cuts in payrolls, purchase commitments, and in selling and manufacturing ex-The pen-and-pencil plant at penses Chicago is up for sale or lease; the company has moved its equipment to the Middletown (Ohio) plant.

• Pen and Razor-Eversharp launched its CA pen in May, 1946, after months of legal wrangling over patents with Milton Reynolds. Reynolds' pen had been the sensation of the 1945 Christmas season: in those days it still carried

a price tag of \$12.50.

In November, 1946, Eversharp, in a diversification move, picked up the Schick-Injector Razor through an exchange of stock with Magazine Repeating Razor Co.



Airport Bank

With a working population of about 27,000 people, the Los Angeles Municipal Airport area at Inglewood, Calif., is practically a city in itself. So California's Bank of America figured that the airfield was a likely spot for another branch bank-its 518th in the state. Employees at the field get banking service during business hours-and the bank picks up extra business from air travelers.

University Invests In an Oil Tanker

To increase the yield from their investments, many colleges and universities since the war have turned to the "buy and lease" method: buying retail store properties, leasing them back to the store for long terms (BW-Jan.4 47,p48). Last month the University of Chicago went a step further; it made a similar deal for an oil tanker.

The university bought, from a private owner, one of the T-2 type, 16,700deadweight-ton tankers, which were built by the government during the war, and later sold by the Maritime Commission.

The university has leased its tanker to an oil company on a "bare boat" charter basis. The oil company employs the crew, assumes all operating charges and expenses. It pays the university a rental which, over the long term, will amortize the ship's cost and provide a good income on the university's investment.



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Tailored to Taste

Latest General Motors financial report is based on company survey of what its own stockholders want to read.

What is a good financial report?

Last year researcher Elmo Roper made a survey to answer that question (BW-Aug.7'48,p86). His interviewers found that the average stockholder wants just a couple of paragraphs to tell him this: Is the company strong enough to keep on paying satisfactory dividends?

 Individual Concern—But even before Roper got busy General Motors had an idea about the subject, too. It decided that, for G.M., a good financial report is one that pleases its own stockholders.

So General Motors made a survey via a questionnaire last year. The 1948 report, just released, was built around the answers the questionnaire drew.

• Findings—The company asked its stockholders how they liked the 1947 report. About 44% of those who answered said they read all or nearly all of it. About 35% read parts. Most of the rest just glanced through it.

The best-read section was the one telling about the makeup of the stock-holder group, and how many shares they owned. Least-read was a section on company personnel (its readership was 47%. About 60% read the sections on financial results and future plans.

About 80% of those who replied said they liked the photographs and wanted more. About 71% found the charts and diagrams helpful.

of the 1948 Report—So what is the new G.M. report like? It has 44 pages of text and a four-color cover. The language in the front pages is simple, illustrated with charts, graphs, tables. More specialized sections follow. At the end come the consolidated balance sheet, statements of income and investments, footnotes, and historical facts for professional analysts.

 Different Answers—Some of G.M.'s answers ran directly counter to Roper's.
 Roper's main finding was that today's financial reports please nobody. In fact, of 1,111 stockholders interviewed, only 808 remembered getting a report. The ordinary stockholder doesn't care for lengthy statements.

But there was a group which gave Roper a different answer. About 120 of the stockholders interviewed were large investors or professional financial men. They felt that the annual report wasn't long enough. They wanted more cold facts for a full company picture.

• Problems-The Roper survey was made for the Controllership Founda-

tion, Inc., a research group supported by the Controllers Institute of America. And the findings presented the foundation with something of a dilemma.

• One Solution—The Foundation's solution: Issue a one-page statement giving earnings, dividends, general financial position, and outlook of the company. At the same time, offer a complete report to those who ask for it.

ONE MORE CAR MAKER

Another would-be auto manufacturer is going to try some public financing.

The manufacturer: Keller Motors Corp., of Huntsville, Ala. Undeterred by the financing troubles of Playboy Motor Car Corp. (BW—Apr.23'49,p96), Keller last week filed a registration statement with the Securities & Exchange Commission for 5-million shares of 3epar-value common stock.

If SEC gives clearance, the stock will be offered at \$1-a-share. Greenfield, Lax & Co., Inc., of New York, will handle it on a "best efforts" basis. Net proceeds will be about \$4.2-million if all shares are sold.

Keller plans to make a low-priced, family-sized station wagon in two models; they will cost \$1,195 and \$1,245 f.o.b. factory. The company has been working on low-priced car designs for some time (BW-Nov.1'47,p35).



Moves Up at Baldwin

Marvin W. Smith, former chief engineering officer of Westinghouse Electric Corp., has been named president and chief executive officer of Baldwin Locomotive Works. Smith joined Baldwin last year as executive vice-president when Westinghouse bought a 22% interest in Baldwin's common (BW—Aug.7'48,p26). Baldwin's former president, Ralph Kelly, has been on leave of absence.

FINANCE BRIEFS

A big new issue will soon hit the market: \$20-million of 20-year Sperry Corp. debentures. Sperry will use the money to pay off bank loans, strengthen working capital; up to \$5-million may go to set up a finance company to handle instalment sales.

State tobacco taxes yielded a record \$374-million in 1948, reports the Federation of Tax Administrators. Leading the collection parade were: New York, \$50.9-million; Pennsylvania, \$30.3-million; Illinois, \$28.4-million.

Realty projects look good again to insurance companies now that construction costs are coming down (BW-Apr. 23'49,p101). Equitable Life plans seven 20-story office buildings in Pittsburgh to house Westinghouse, Mellon National Bank, and others. Cost: \$20-million to \$50-million.

Finance-company earnings are up sharply this year, as expected (BW-Apr.23 '49,p94). In the first quarter, C.I.T. Financial Corp. rolled up almost \$5.6-million in profits vs. \$3.1-million in the same 1948 period; Commercial Credit hit \$3.5-million vs. \$3-million.

Bowery Savings Bank is the first domestic savings institution with more than \$900-million in resources. The Manhattan bank became No. 1 in its field in 1930. Since then resources have grown from \$356-million to \$901-million, deposits from \$323-million to more than \$797-million.

Standard Oil of California stockholders have approved raising the authorized capital from 15-million to 20-million shares of no-par stock. Management says it is not contemplating a new stock offering now.

Employees only will get a crack at International Harvester's new commonstock issue. I.-H. has registered 1.2-million shares, will give employees four years to pay via wage or salary deductions.

Public offering of \$75-million in new Public Service Electric & Gas bonds is due early in June. Some \$20-million will go to pay off bank loans, the rest to finance the current expansion program.

Sale of a plywood plant plus two veneer mills is planned by General Plywood. The company says the proceeds and tax-carryback credit will go to retire all mortgage debt and a hefty chunk of outstanding preferred besides.

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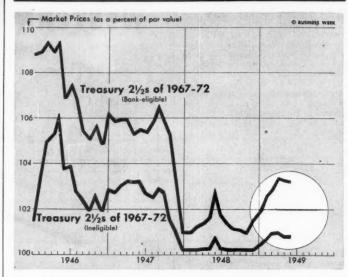
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THE MARKETS



Bull Market in Governments

Treasury gives it a boost by refusing to use five-year notes for refunding. This means long-term government market will be firm; corporate issues usually follow same trend.

The Treasury sprang a surprise in the government-bond market this week. Banks and bond dealers had expected it to offer them a 1½% five-year note as part of its June refunding. Instead, Secretary John W. Snyder abruptly decided to do his June financing with a 1½% one-year certificate.

As a result, you can expect a modest bull market in long-term governments for the rest of this year. And because corporate-bond markets usually take their cue from the governments' you can expect them to show a firmer tone.

• What's Behind It—To get the Treasury's move in perspective you have to go

back to the middle of last summer. There was no talk of a bull market in governments then. Heavy selling by banks and insurance companies has driven all the long-term issues down to the Federal Reserve System's support prices. And although the Reserve Board obviously meant to hold the market there, come hell or high water, plenty of traders thought the pegs couldn't hold.

By early fall, the tide was beginning to turn. The pegs held. And, in November, the elections killed off any Ingering hopes that a new administration would mean a new approach to money-market management. In the last two months of the year, the market rebounded smartly.

After the turn of the year, the rally in long-term governments got a boost from another direction. The decline in business loans (page 100) left the banks with uninvested money on their hands, the automatic tendency was to put it into the government-bond market. The same thing is true of the additional funds that banks got from the recent cut in reserve requirements.

Cures Urged—One thing with another, the bond market has been strong all through 1949. And the spread between bank-eligible issues and issues that banks are allowed to buy has been

Security Price Averages

C. 1	$_{Weck}^{This}$		Month Ago										
Stocks													
Industrial	145.9	145.1	147.3	160.9									
Railroad.	39.4	38.6	39.4	51.5									
Utility	73.6	72.7	72.9	73.2									
Bonds													
Industrial	98.8	95.9	98.3	97.2									
Railroad.	81.3	81.7	81.7	87.3									
Utility	95.6	956	95.6	94.4									

Data: Standard & Poor's Corp.

widening (chart, page 108). Lately, Reserve Board officials have been dropping hints about the need for measures to

hold bond prices down.

As bond dealers sized up the situation this spring, it was time for the Treasury to increase the supply of long-term and intermediate-term bank-eligible issues. One way to do this would be to take the restrictions off some of the issues that are not yet eligible for purchase by banks. Another would be to put out an intermediate-term issue in exchange for maturing obligations.

There are two big issues to be refunded in June this year—\$1-billion of 2% bonds and \$4.3-billion of 1½% certificates. Bankers recommended replacing them with a 1½% note. And they thought the Treasury was ready to go

along. That's where they missed their

• Reasons—The Treasury doesn't do its thinking out loud, and so nobody knows just why it refused to put out a five-year note as urged. But there are at least two possible explanations:

(1) The Treasury intends to let bankers buy some of the Savings Bonds being offered in the big bond drive that started this week; one way to be sure of a good response is to have banks still panting for long-term issues.

(2) The Treasury is always afraid of rocking the boat, and never will take a

step until it has to.

In any case, bond dealers are looking for a mildly bullish market between now and December (the date of another big refunding).

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How Market Has Slipped Since Election

			Dec.		-May		% (hange
	Election	11	9.48	25	9.49	Recent	Since
Industrial Common Stocks	Ere	High	Low	High	Low	Price	Election
Dow-Jones Average	189.76	184.54	171.20	181.54	171.10	175.76	- 7.4%
American Can	881.75	\$82.50	\$78.00	\$93.25	\$81.00	\$92.00	+12.5
American Car & Foundry	37.37	37.37	28.12	33.50	25.37	26.50	-29.1
American Smelt. & Ref	61.87	62.00	51.50	65.75	43.50	45.50	-26.5
American Tobacco	64 75	64 75	58.00	69 12		69.00	+ 6.6
Aller Annual Commencer (1977)						41,46	
Anaconda Copper	38.12	38.62	32.75	35.25	27.12	29.37	-23.0
Armstrong Cork	53.00	53.00	44.00	49.50	39.37	42.00	-20.8
Bethlehem Steel	39.25	39.25	32.25	33 87	28.37	28.75	-26.8
Chrysler Corp	61,00	61,00	50.62	58 00	50.00	53.00	-13.1
Du Pont	181.75	185,75	165,00	195 50	179,00	191,00	+ 5.1
General Electric	42.50	42.62	36.50	40.00	35.12	37.37	-12.1
General Foods	40 25	40.50	37.37	43.75	39.25	43.62	+ 8.4
General Motors	66.00	66.00	56.00	62.62	56.37	57.25	-13.3
Gimbel Brothers	21.37	21.37	17.00	17.25	12.75	14.50	-32.2
B. F. Goodrich	64.00	64.00	55 62	62.62	56.37	61.75	- 3.5
0.46.00	75.12	75.12	64.50	71.50	60.12	65.00	-13.5
Gulf Oil International Harvester	30.25	30.25	26.50	28.12	23.37	24.75	-18.2
International Tel. & Tel			8.75	11.12	8.62	10.50	-16.0
	12.50	12.62	35.37	40.50	33.00	35.00	-14.6
Johns-Manville	41.00	41.00	52.00	56.62	42.62	45.37	-14.6
Kennecott Copper	60.87	60:87	32.00	30, 02	42.02	43.31	-23.3
National Steel	111.00	112.00	85.75	91.75	73.75	77.50	-30.2
Sears, Roebuck	42.87	43.25	37.25	39.87	34.25	37.87	-11.7
E. R. Squibb	25,87	26.00	21.75	29.25	23.62	28.87	+11.6
Standard Oil (N. J.)	81.00	81.00	71.00	74.25	65.50	67.75	-16.4
Studebaker Corp	27.25	27.25	20.50	21 75	16.50	20,50	-24.8
Switt & Co	32.00	32.00	28.12	32.50	28.62	29.12	- 9.0
Union Carbide	43.25	43 .25	37.12	42.00	36.62	38.87	-10.1
United Fruit.	54.50	54.62	50.12	54.75	48.00	48.87	-10.3
U. S. Rubber	46.75	46.75	37.87	43.00	36.50	38.75	-17.1
U. S. Steel	85.12	85.12	69 25	78.50	69.00	71.75	-15.7
Westinghouse Electric.:	28.50	28.50	23.50	27.00	22.37	23.00	-19.3
westinghouse Electric	20,30	20.30	23.30	21.00	24.11	2.7. 00	17.3
Railroad Common Stocks							
Dow-Jones Average	61.97	59.30	51.91	54.29	46.34	48.10	-22.4
Atch., Topeka & Santa Fe.,		\$173.75	\$98.25	\$105.50	\$87 50	\$89.62	-21.2
Atlantic Coast Line	59.00	56.00	48,12	47.00	36.00	38.00	-35.6
Chesapeake & Ohio	39.00	39.00	31.12	34.75	31.12	33.62	-13.8
Great Northern (Pfd.)	49.00	49.00	39.50	43.75	36.50	38,50	-21.4
I'linois Central	38.00	38.00	28.25	30.75	22.50	28.50	-25.0
Louisville & Nashville	44.75	44.75	37.00	41.50	33.50	34.00	-24.0
New York Central	16.50	16.50	12.12	13,50	10.25	11.50	-30.3
N. Y., Chic. & St. Louis	86,00	86.00	70.00	81.00	68.50	73.00	-15.1
Norfolk & Western	62.87	62.87	55 62	59,25	50.12	52.50	-16.5
Pennsylvania	19.75	19.75	16.12	17.75	15.00	15.50	-21.5
Southern Pacific	59.87	59.87	47.00	49,87	39.37	41.75	-30.3
	48 75	48.87	38.75	41.00	31.25	32.62	-33.1
							7.7 . 4
Southern Union Pacific	92.50	92.50	79 75	89.50	77.62	82.25	-11.1

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LABOR



Strike Tieups Lengthen Lines of Jobless

You can see the way effects of strikes spiral out into related business by taking a look at Michigan unemployment compensation lines. They have grown in the past few weeks of strikes in parts suppliers' plantssuch as Bendix of South Bend, Ind .-- and at Ford Motor Co. Strikers can't collect. but workers idle through no fault of their own get checks. The Bendix tieup (story

below) halted delivery of brakes to auto makers, froze their assembly lines for one to three weeks. Each time a producer shut down, so did most of its parts suppliers. Similarly, effects of the Ford strike are now being felt by parts suppliers. Many have closed shops. Their 10,000 lavoffs have added to Michigan's already swollen jobless pay load.

Bendix Takes Costly Strike

Company decides to fight on double-pay issue, though it may never recapture its strategic spot as brake supplier. Issue: Can workers collect both down-time pay and incentive wages?

The Ford Motor Co.'s union trouble in Detroit has pretty well dominated the national labor scene these last few weeks. But over at South Bend, Ind., just as big an issue is at stake in another strike of the United Auto Workers (C.I.O.). It's the one against the Bendix Aviation Corp. plants that make brakes for nearly all independent auto producers.

• Effects-The Bendix strike was six weeks old last Thursday. The brake shortage resulting from the tieup has had some broad effects on the auto industry. It has shown up in drops in auto production and auto employment. Layoffs due; in part, to the Bendix tieup have swelled Michigan unemployment compensation lines.

• Issue-The argument behind the strike is closely tied in with feather-

bedding: Should workers draw premium incentive pay for work done while they're being paid for "down time"nonproductive time when machines aren't supposed to be running?

Work at the Bendix plant is on an incentive basis. Operators get specified rates, on an hourly basis, during down time. Some time ago, Bendix found out that many workers continued to produce when their machines were supposed to be shut down. Thus, they were collecting for standby time and, at the same time, they were piling up piecework, paid for at incentive rates. · Tough to Stop-The dodge was absodix found it was hard to stamp out. A

lutely against company rules. But Benmachine operator, caught at work during down time, usually said he thought the setup man had reported work resumed. The setup man protested that he didn't know the operator had started back to work.

Finally, to call a halt, Bendix told operators to check in and out on their job with a down-time checker. The new system never had a chance to prove itself. A protest slowdown began, and Bendix fired 47 men for their part in it. On Apr. 7, plant workers walked out

to protest the discharges.

• Politics-The facts of the issue are cluttered some by the political elements. The walkout began without the sanction of the International U.A.W. Emil Mazev, secretary-treasurer of the union, went to South Bend and persuaded the men to return to work. He indicated that authorization for them to go on strike again would soon be coming. The O.K. came through. It is now being interpreted as a move by the anti-Communist wing of the U.A.W. to prove to Bendix workers that the left-wing leadership in their local isn't the only support they have in management disputes.

• Business Loss—Bendix makes brakes for Nash, Hudson, Packard, Kaiser-Frazer, and Willys-Overland-as well as for some General Motors divisions and a scattering of others. Practically all of these companies have pulled their dies out of South Bend, with the aid of federal injunctions. Bendix people feel most of them will come back, but they fear they will lose their spot as exclusive

brake maker for many cars.

Up to now, the cost of duplicate brake tool-and-die sets has kept most auto companies from using more than one source. But the Bendix strike closed all the independents for a week to three weeks. Many now think that a second source, completely tooled, may be more economical after all.

· Ford-Meanwhile, there has been labor politics in the Ford dispute, too. Observers feel the speedup issue was hardly as important as the complex political issues which led up to the walkout on May 5 (BW-May14'49,p104).

But negotiations this week finally crystallized around the simple issue of speedup. The company made it clear it would not talk about a new contract until the walkout was over.

Ford served notice that it would reopen the entire agreement because of the relation of "all economic matters' to production costs. "We draw your attention," said a letter from Ford vicepresident John S. Bugas to the union, to the trend in living costs since our last agreement was signed, the restoration of strict competitive conditions in our industry," and other factors.

• Meaning-The Bendix and Ford strikes tell the same story to other management-men: Business pressures have forced the companies to fight for tighter

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WORKING TOGETHER: Sharon Steel mill-foreman Tuney, assistant to president Tredwell, steelworkers' district director Grajciar, shop steward Krinks

Peace Pointers

Firms with good labor records offer clews on how to avoid labor trouble. Sharon Steel is latest N.P.A. study.

What are the foundations of industrial peace?

• N.P.A. Studies-The National Planning Assn. has been looking for an answer to that question. To find it, it has studied management-labor relations in 15 companies with long records of labor peace

Now, N.P.A. is one-third through its ambitious research job. And it's able to offer some general conclusions on the causes of labor peace-the result of investigations at the Crown-Zellerbach Corp., Libbey-Owens-Ford Glass Co., Dewey and Almy Chemical Co., Hickey-Freeman Co., and Sharon Steel Corp.

- · Parallels-N.P.A. says it has found these parallels in labor relations among the five companies:
- · Management fully accepts collective bargaining and the union as an institution. The company thinks a strong union is an asset to management.
- · The union fully accepts private ownership and operation of the plant. It recognizes that the welfare of its members depends on successful conduct of the business-which means its ability to make a profit.
- The union is strong, responsible, democratic; it isn't shot through with factionalism.
- · The company stays out of internal

union affairs, doesn't try to alienate workers.

• Mutual trust and confidence exist between the parties. There have been no serious ideological differences.

 Neither party has a legalistic approach to bargaining problems. Each is willing to talk over disputed points without "irrational stubbornness."

 Negotiations are on day-to-day problems; abstract principles are kept out of bargaining as much as possible.

Grievances under a contract are handled and settled promptly, within a flexible grievance machinery.

• There is widespread union-management consultation and highly-developed information-sharing machinery in plants with long records of labor peace.

The latest N.P.A. survey—just out looks into a 12-year record of industrial peace between Sharon Steel and C.I.O.'s United Steelworkers. It recognizes that this is due, in part, to external eauses:

High steel demand since 1939 has made labor peace a "must" for the whole industry; all steel employers have put a premium on keeping mills going full blast.

"Pattern" bargaining in the industry has made the big companies bear the brunt of contract negotiations. It has climinated for companies such as Sharon much of the "haggling, exhausting debate and emotional frustration and bitterness" which frequently characterize contract talks.

But, says N.P.A., these external factors aren't the only basis for the company's labor peace. Taken alone, they can't explain why: (1) There have been no localized work stoppages at Sharon since 1937—its only strike was part of the nationwide steel walkout in 1946; (2) there were no disputes to take to the National War Labor Board; (3) no grievances have had to go, unsettled, into arbitration; and (4) employee turnover is at an unusually low rate for the industry.

• Give-and-Take—N.P.A. says "internal causes" are really responsible for the way company and union get along together. N.P.A. names 12. They simmer down to a willingness for give-and-take bargaining all along the line of union-management relations. So the nub of the fifth labor-peace report, like the others, is that it takes two parties to build a labor peace record.

• N.P.A. classifies the Sharon factors for peace thus:

Company and union share credit for: (1) establishing the contract relationship in 1937 without bitterness or strife, although the company at first resisted unionization; and (2) setting up and maintaining effective communications and consultation with each other

Management is credited by N.P.A. with: (3) flexibility at the bargaining

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NEW YORK DETROIT BUFFALO CHICAGO CLEVELAND SEATTLE MONTREAL SAN FRANCISCO PHILADELPHIA VANCOUVER LOS ANGELES PITTSBURGH WINNIPEG ness to negotiate rather than dogmatic insistence on company terms; (4) firmness against "unjustified encroachment on [management's] rights"; (5) a sustained effort to encourage a strong and responsible union; (6) delegation of authority to lower levels of management, so that supervisors—fully acquainted with company policies and practices—can settle disputes on the mill floor; (7) close cooperation between line and staff personnel; and (8) consultation with the union prior to any change in policy or procedures.

The union is credited with: (9) the search leaded by the content of the procedure of the procedure

table, which N.P.A. says means willing-

The union is credited with: (9) above-average leadership; (10) a responsible attitude toward management; (11) freedom from factionalism; and (12) a willingness to increase responsibility and authority of local union officials.

Who's to Work?

An employer can choose if more than one union claims the job, NLRB rules in Westinghouse case.

When two unions get into a row over who gets the job, an employer may choose between them. The National Labor Relations Board will back up his decision if there's no contract violation or discrimination.

• Ancient Trouble—That's the substance of an important ruling by NLRB last week. It came when the Taft-Hartley curb on jurisdictional disputes finally caught up with one of the nation's oldest union feuds. The feuders were the International Assn. of Machinists (independent) and A.F.L.'s Garpenters Union; both want the exclusive right to install industrial equipment.

• Employer's Rights—NLRB decided unanimously that the A.F.L. building craftsmen can't "lawfully force or require" the Westinghouse Electric Corp. to use A.F.L. millwrights instead of I.A.M. employees to put in new equipment—steam turbines in Southern California Edison's new power plant at Redondo Beach, Calif.

The T-H law guarantees an employer's right to assign work to his own employees—or anybody he chooses, NLRB said.

Therefore, Westinghouse "was free to make use of its own employees for the installation, despite the fact that other employers (contractors) on the project used Building Trades Council employees."

Westinghouse installed one steam turbine at the new power plant last year; it used two of its LAM, employees as well as some A.F.L. Building Trades Council members. General Electric put in another turbine with an all-A.F.L.

• Westinghouse Strike—When Westinghouse started to install a second turbine on Jan. 31, it again split the work between its own men and A.F.L. The Building Trades Council—representing the Carpenters Union—objected. It demanded that Westinghouse replace its two I.A.M. machinists with A.F.L. millwrights. The company refused. So the Building Trades Council unionists struck. Their pickets shut down the entire power-plant project.

I.A.M. took the case to the NLRB. Pending board action, Westinghouse halted installation of the turbine so that the 650 building tradesmen could go back to work for Stone & Webster Engineering Corp. and other contractors.

Injunction Sought—Under T-H law, NLRB's general counsel can go to court to enjoin a strike in a jurisdictional dispute. This step was taken two weeks ago—before NLRB had come to a deci-

Without that injunction, the Edison job might still be tied up-regardless of the NLRB decision, for NLRB machinery moves slowly. Thus:

sion

The board gave A.F.L. 10 days to comply with its order. If A.F.L. doesn't, then: (1) an unfair labor practice charge would be issued; (2) an NLRB hearing would be held on the charge; and (3) if A.F.L. was found guilty, and still refused to comply with the NLRB order, the board would have to go to the U.S. Court of Appeals before it could enforce the ruling.

 Washington Repercussions—Hence, the case is getting considerable attention in Washington. It's considered defense ammunition for those on Capitol Hill who want to keep the injunction in jurisdictional strikes and secondary boycotts.

The decision also has special significance for electrical manufacturers and others who make and install machinery. It means that there's now an NLRB defense for companies that want to use their own men for installation work; they can resist efforts to make them hire workers from another union.

• Typical—The California case is typical of many jurisdictional disputes between the two big unions. At stake is the question of which should take jurisdiction over the building, assembling, erecting, dismantling, and repairing of machinery during plant construction jobs. The dispute dates back to the 1890's.

The 630,000-member I.A.M. has pulled out of A.F.L. twice—in 1942 and 1945—over that issue. In 1947, I.A.M. voted against returning to A.F.L. with the question unsettled. Currently A.F.L. is still hopeful it will come up with a method to get I.A.M. back. It's estimated that as many as 20,000 jobs are involved in the inter-union dispute.



"Aladdin's Lamps" for the rural dweller-

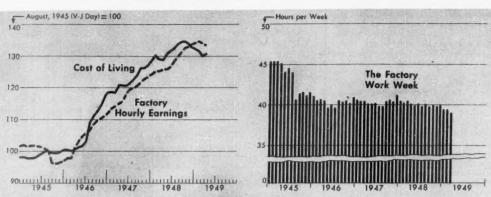
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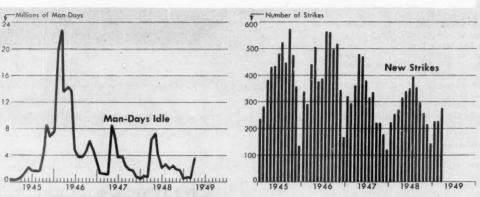
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A Quick Appraisal of the Labor Market's B



The Worker's Buying Power



The Strike Picture



The Labor Market

Balance Sheet

Factory workers' hourly wages off in first quarter, but cost of living tips up. Decline in employment continues.

Factory hourly earnings turned down slightly in the first quarter of 1949—for the first time since early 1945. There were two reasons: (1) the drop in over-time premium pay during the period, and (2) General Motors' cost-of-living pay adjustments and a few others in shoe and other industries.

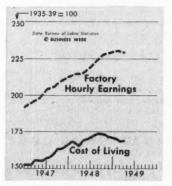
At the same time, the cost of living jogged up again at the end of the first quarter of 1949, after a six-month drop. And cutbacks sent the factory work-week sloping off a little further below

40 hours.

These are factors to keep in mind during coming union wage talks. In part, they're behind labor's insistence on a fourth-round pay hike at this time.

• Strike Pattern—The strike picture shows a normal seasonal pattern. Mandays of idleness and the number of new strikes are up from the previous quarter—due to first-quarter contract reopenings. But fewer man-days of work were lost in the first quarter of 1949 than in the same period in 1948. The number of new strikes was about the same.

• Employment—The sharp downtrend in factory employment continued. A drop that started in the first quarter of 1948 was interrupted in mid-year by a seasonal upturn; after three months, the skid began again. The decline has been steady and precipitous ever since. It reflects a pattern of layoffs throughout industry. New hirings are at a low rate—less than 3 per 100 workers. Quits and firings are at about the same rate as in the last quarter of 1948—just about 4 per 100 workers.



RELATIONSHIP of wages and the cost of living on a prewar base



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Wage Law Drags

Administration would settle for just a boost in the minimum to 75¢ an hour. But it probably won't get even that.

Democratic leaders in the House have sharply revised their plans for changing the wage-hour law. At least for now, they have tabled proposals to broaden the law's coverage and to put controls into the hands of the Secretary of Labor. Their strategy now is limited to a fight to hike the minimum hourly wage from $40 \, \text{c}$ to $75 \, \text{c}$.

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• Administration Plans—The narrowed objectives of House leaders are due, of course, to the changed political lineup on Capitol Hill. The Administration's bill, reported out enthusiastically by the Labor Committee more than two months ago, called for broad revision of the entire wage-hour act. Many of these changes wouldn't have a chance today in the face of the Republican-Southern Democrat coalition. So the bill has now been quietly dropped.

The Administration expects to bring up a new bill in the House early next month. It will simply call for a 75¢ hourly minimum, to take immediate effect. Opposition already is building up against it. Southern Democrats don't want to take such a big jump all at once. And management objections to a boost in the minimum to 75¢ (BW—May7 '49,p58) have mustered other support in Congress.

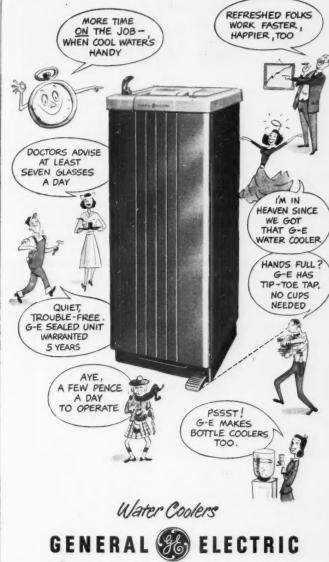
• Substitutes—So the Administration bill is sure to run up against a variety of substitute proposals. Among them:

Rep. Hugo S. Sims (D., S. C.) is sponsoring a bill that would lift the minimum to 60¢ now, to 65¢ after a year. The 65¢ minimum would stand for six years, then jump to 75¢—unless, at that time, the Wage-Hour Administration decided it should stay at 65¢.

Rep. Wingate H. Lucas (D., Tex.) is sponsoring a bill to tie the minimum wage to the cost of living. It would put a 65¢ minimum into effect now. The figure would be adjusted every Dec. 10 on the basis of the year's change in the BLS Consumers' Price Index.

• Supporter—In the Senate, such a c.of-l. escalator appeals to J. William Fulbright (D., Ark.). However, he would start with a 60¢ minimum.

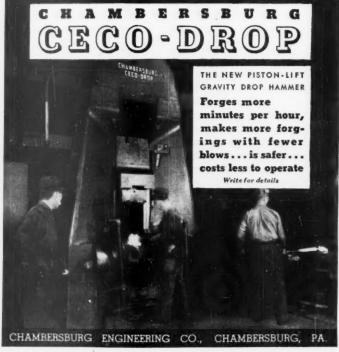
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LABOR BRIEFS

Scranton's transit tieup ended, after 39 days, with a 6¢ hourly raise and a boost monthly pensions from \$55 to \$65. The union (A.F.L.) had asked for a 29¢ raise, plus fringes.

Woolen workers in A.F.L. plan to ask for a 10¢ hourly raise when present contracts expire in August. They also want separation pay and a pension plan.

Damages have been awarded a Buffalo contractor in a federal court suit against A.F.L.'s Hod Carriers. Basis: a strike in violation of a no-strike clause. The award is under a T-H clause (Sec. 301) which provides for damage suits if there's a breach of union contract.

Steelworkers' 1949 demands are now formally before 835 companies employing 706,000 workers. Under contract terms, negotiations must begin within 30 days (BW—Mayl4'49,p113).

NLRB has overruled a claim by its general counsel, Robert Denham, that all businesses in interstate commerce—regardless of size—are subject to NLRB jurisdiction. The board tossed out two unfair labor practice cases brought up by the counsel. It held that the firms were so small that their labor disputes could have little effect on interstate commerce.

SKF Industries plants in Philadelphia were struck this week by 1,200 C.I.O. steelworkers. It's a contract dispute.

Contract talks between the United Mine Workers and Southern Coal Producers Assn. open May 25 at Bluefield, W. Va. U.M.W. and the southern operators are negotiating without northern, western, and "captive" operators this year (BW-Apr.30'49,p100). It's a new strategy for John L. Lewis.

The House subcommittee studying a fair employment practices law has called officers of five top rail unions to appear before it. Their unions are charged with bias toward Negroes, Mexican-Americans, and Japanese-Americans. The minority groups say they can't join the unions—and, because of the tight hold unions have on jobs, can't get employment.

The Pictures—Acme—20, 26, 48, 128; British Combine—19; Bob Iscar—24, 69, 70, 72, 74, 76, 86, 87, 88; Fenno Jacobs—125; Ida Wyman—41, 42, 44.

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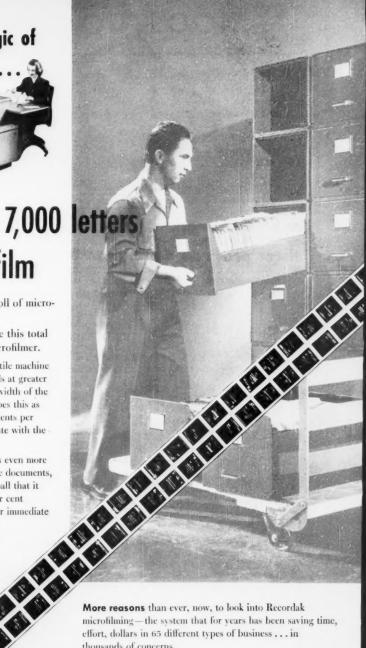
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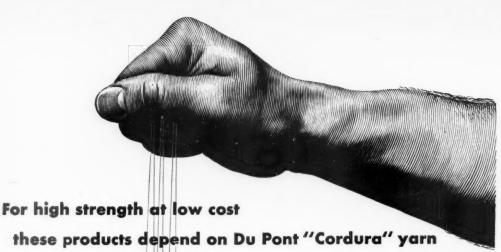
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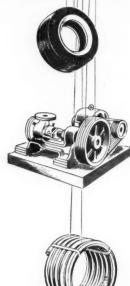
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INTERNATIONAL OUTLOOK

BUSINESS WEEK MAY 21, 1949



Look for Britain to balk at U. S. plans to expand western Europe's trade.

Averell Harriman, ECA's European chief, started the ball rolling last week. He told Marshall Plan countries it's time to loosen up trade and currency controls. And he's finding a lot of support for his line on the continent (BW-May7'49,p21).

But Harriman's talk didn't go down well in London. The British think that removing the bars now would cost them plenty. It might threaten their scheme to be independent of U. S. aid by 1952.

From London's angle it's not the total volume of trade that counts. The problem is finding ways to pay for essential imports—food, raw materials, plus some machinery from the U. S.

Britain, of course, depends much more on essential imports than any continental country (unless you count in western Germany). That's how London justifies its rigid trade controls.

British planners can't see how more trade in nonessentials helps them any.

The fact is Britain now has about all the trade with western Europe it wants. And it's interested only in boosting its sales in the U. S., not its purchases.

Devoluation rumors worry the British government just as much as the freer-trade talk.

For one thing, the rumors are slowing down the Board of Trade's new drive to sell British goods in the U. S. American buyers seem to be holding off, hoping for a drop in the pound.

The Labor government is wondering how it can get out of this fix. It's obvious even in London that another denial by Chancellor Cripps won't do any good.

One proposal is to offer American importers a guarantee against any loss from devaluation. This could be done through the Board of Trade's Export Credit Guarantee Department.

There's no doubt Cripps takes the dollar export drive seriously.

He's now trying to force British exporters to shift their sales effort from India to the Western Hemisphere.

Here's how Cripps is turning this trick:

Last month India threatened to curb British imports unless London freed more of India's blocked sterling balances. (India lifted its ban on British goods last summer when London let a lot of blocked sterling loose. But India used up the money faster than anyone expected, wanted more.)

This meant that British exporters were faced with the loss of a big part of this large market. But Cripps wouldn't release the sterling, and the restrictions are now on.

In other words, the British exporters' plight fits into Cripps' plan. Now they'll have to work harder in dollar markets.

Canadian importers don't think London's latest tactic will be enough to push up British sales in Canada.

They point to high British prices for cotton goods—a third higher than American on sheeting (grey or bleached) and cheap print goods.

So the talk in Canadian import circles is that one of three things will happen soon: (1) The Canadian government will have to make further duty concessions on British goods; (2) British producers will have to slash

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK MAY 21, 1949 their prices; (3) the pound will have to be devalued. The odds seem to be that No. 2 will be tried before No. 3.

Switzerland is threatening to give up its open door trade policy. It may decide to import only from countries taking its exports.

The pattern of German-Swiss trade is a good example of Bern's problem. Last year Switzerland bought about \$60-million more than it sold to western Germany. Only 2% of Swiss exports went to Germany as against 20% prewar.

The outcome of current trade talks with western Germany will give the Swiss one cue. Others: (1) the success of the U. S. crusade to bring freer trade among Marshall Plan nations; (2) the ability of Swiss textile manufacturers to get around the slump in foreign demand.

The Japanese got a big break from the U.S. decision to halt reparations.

This leaves Japan with a lot of industrial capacity: crude steel, 6.4-million metric tons; pig iron, 3.6-million metric tons; shipbuilding, 800,000 gross tons; aluminum, 110,000 metric tons; thermal power, 2.3-million kw.

The U. S. reparations list would have taken 45% of the pig iron, 80% of the shipbuilding, 16% of the thermal power. Actually shipments hardly got started. Only 17,000 machine tools went to Japan's conquerors.

The other 10 members of the Far Eastern Commission will have to go along with the U. S. stand. We have a veto over the reparations question.

East-West trade during fiscal 1949-50 should come to \$3.2-billion, Marshall Plan experts in Paris say. That's about 50% of the prewar volume.

Marshall Planners figure western Europe will ship to the Soviet bloc about \$1.5-billion worth of machinery, electrical equipment, textiles, and consumer goods. The Soviet bloc will ship west about \$1.7-billion worth of grain, lumber, coal, potash, and nonferrous metals.

Ford and General Motors have just about stopped their car and truck assembly plants in Brazil. It's the dollar shortage again.

Brazil is now six months in arrears—even on its top priority commercial debts. The government is frantically trying to cut imports from the U. S. to balance its trade.

Businessmen in Brazil are wistfully hoping the two distinguished Brazilian visitors to the U. S.—Pres. Dutra and Finance Minister Castro—can wheedle a loan out of Washington to save the day.

Detroit hopes to play host at the first international trade fair ever held in the U.S. Plans are being laid for the summer of 1950.

Detroit businessmen think their city is the logical spot. Its \$3-billion annual foreign shipments make it the world's leading export center.

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John S. Coleman, president of the Burroughs Adding Machine Co., heads the committee on arrangements. Detroit's major industries are ready to put up strong backing.

The fair will be modeled on the Toronto International Trade Fair which holds its second annual session this month. The committee plans to have the Detroit fair open a few days after the 1950 Toronto fair closes; thus buyers and sellers can easily be on hand for both.

There will be no special sales promotion for Detroit or even for the U.S. The committee hopes at least half of the exhibits will be foreign.

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BUSINESS ABROAD



UNDERWRITERS at Lloyds are doing business at the old prewar level now that . . .

London's Wall Street Revives

Finance center has had an uphill fight against government controls and war's aftermath. But spread of sterling-convertibility area is helping it recoup foreign business.

LONDON-The "City," London's famous financial square mile, is making a comeback as a world financial center.

Against stiff odds, brought on by a war all Europe lost, Britain's financial wizards are slowly winning back big chunks of foreign business. They have capitalized on the recovery of British exports; at the same time they have helped make that recovery possible.

 Trade Area—Ever since the war, Britain, through a network of bilateral trade treaties, has worked to create an area of convertibility for the pound sterling outside the dollar countries—and outside its own sterling area. As long as an almost universal dollar shortage exists, Britain feels there will be a need for a second international currency—even if it has only limited convertibility. Sterling, today, supplies that need.

Of course, the sterling area is the exclusive province of the pound. It includes the Commonwealth (except

for Canada) plus several other countries. In addition, some countries outside the sterling area have "transferable accounts" with the Bank of England. That is, members of the group settle current trade debts among themselves in pounds. Taken as a whole, these countries make up a wide multilateral trading zone. Within this area, the barons of Lombard Street are rebuilding their financial empire.

 Rally—For more than a year now, the pound has been steadily growing stronger. Recent talk about sterling devaluation may have set it back a little. But that doesn't worry London bankers much. They take it for granted that most other soft currencies will maintain their exchange rates in relation to the pound.

 Vital Part—The recovery of London as a financial center is indispensible to the recovery of Britain as a whole. Prewar, one-third of the nation's total overseas earnings came from invisible exports—returns on foreign investments, insurance, shipping, etc. You could trace the lion's share of this, directly or indirectly, to the services performed by London as a financial center.

The war virtually wiped out this business. Though the blitz missed famous financial landmarks like the Bank of England, Lloyds, the Stock Exchange, and the Baltic Shipping Exchange, the end of the war saw London's international finance business almost at a standstill. Prospects for revival looked dim. Rigid exchange controls, managed by a corps of 1,200 clerks at the newly nationalized Bank of England, left no place for exchange banks, bullion dealers, and investment houses handling overseas clients.

The Labor government had little interest in the great London commodity exchanges, or in financing international commodity trade by the time-tested method of acceptance credits. The government's own bulk purchases took care of most of the commodity buying.

The prospect of reviving the international capital market seemed dim, too. Savings weren't big enough to meet British investment needs at home, much less overseas. And it looked as if the balance-of-payments deficit would rule out loans to other countries.

• Pluck and Luck—Persistence and enterprise, plus a good bit of luck, have brought London's merchants and bankers out of the bog. At first, Britain faced a deficit with nondollar countries as well as a whopping deficit with the Western Hemisphere. Gradually the nondollar red ink has been cleaned off the books. In 1948 Britain had a £220-million trade surplus with nondollar countries.

London's bankers found loan outlets in the countries where Britain worked up a balanced trade. In the three years ended in April, 1949, £100-million in new overseas loans were floated in London

• Self Help—Groups of merchant banks managed to put through acceptance credits to France, Poland, Italy, Czechoslovakia, Hungary, and other countries. In the main, the credits covered rawmaterials purchases in the sterling area.

Lloyds and other British insurance houses netted an estimated £35-million in 1948 from their overseas operations about what they earned prewar.

The long experience of London's merchant banks has been a great asset in Britain's export drive. It has helped guide manufacturers who went into the export business for the first time. By helping the exporters, the merchant banks helped themselves win back foreign business.

• Leaders—Hambros Bank has taken the lead in financing British exports to the U.S. The bank operates through the Hambros Trading Co., Inc., New Orleans (BW—Nov.16'46,p110).

Rothschilds, which pioneered in opening up Brazil, has kept its links with Latin America. Baring Bros has a big finger in the Commonwealth pie. Lazard Bros., with Lord Kindersley, Lord Brand, and other internationally famous financiers as partners, has a lead role in financing European trade from its Paris offices.

• Skirmish Only?—Since almost all this business is outside the dollar area, some London bankers look on it as preliminary skirmishing. They are waiting for the day when multilateral trade really returns-the day when they can convert pounds into dollars.

But Sir Stafford Cripps feels that day is still a long way off. He thinks the pattern of banking business being cut today is the pattern of the foreseeable future. He bases his argument on pretty strong grounds.

All the sterling area, as well as the Marshall Plan countries, have switched as much of their food and raw-materials purchases as possible away from the dollar area. The suppliers of primary commodities in the Old World have been paid in currencies that can't be converted into dollars. So, apart from the infinitesimal amounts of hard currency they can wangle out of the British Treasury, they have to spend their money in the sterling area or in those countries with transferable accounts.

Welcome Notes—Traders are beginning to accept sterling gladly. The strongest of the soft currencies, it commands the widest range of purchases. The sterling-convertibility area has spread steadily, too. Today these countries—outside the sterling area—have transferable accounts:

Chile Norway Czechoslovakia Poland **Dutch Monetary** Siam Area Spanish Monetary Egypt Area Ethiopia Anglo-Egyptian Finland Sudan Sweden Iran Russia Italy

 Treaties—Britain adds countries to the list by drawing up bilateral treaties.

These pacts specify that the transferable accounts can't be used to set up gold or dollar claims against the Bank of England. Countries like Belgium are blocked from membership in the group. It has a trade surplus with the sterling area; under an agreement with Britain, Belgium's sterling holdings, once they reach a certain level, have to be paid off in gold to reduce the debt. · Checks Off-As the trade area has spread out, the government has given a free rein to more and more London trading institutions. At the beginning of 1949, it removed controls from the Baltic Shipping Exchange, London's freight-shipping market. Some com-modity markets like the Rubber Exchange have gone back to private trading. But the London Metal Exchange and the Liverpool Cotton Market, two of the biggest exchanges, still have their doors nailed shut.

London bankers and merchants feel strongly that the government could speed the revival of London as a financial market by turning back all commodity trade to private hands. They also think there should be an easing of exchange controls to allow a wider area for multilateral trading. Finally, they want to see supply and demand for sterling in the soft-currency world brought into balance. They feel the sterling countries should pay for British goods with more exports, rather than by merely writing off a part of the debt that Britain owes them. In other words, the bankers want the sterling balance left alone for a while.

• Too Many Pounds—Not that London bankers go along with European complaints that the British government is trying to make sterling a scarce currency. (This charge grows out of the tight curbs Britain puts on imports from the continent.) The bankers actually feel there is too much sterling loose in the world for real stability.

At the end of 1948, total overseas sterling liabilities still amounted to almost £3.4-billion. Of this total, £1.6-billion was blocked in sterling accounts held by India, Pakistan, Ireland. Australia, Egypt, Iraq, and several other countries. The government is releasing these sterling balances bit by bit to finance trade. But the rate is too fast to suit the City.

• Free Balances—Apart from the blocked balances, there were about £1.75-billion in sterling liabilities left free at the end of 1948—more than enough to buy Britain's total exports for the year. But these balances aren't much of a problem for London at the moment. A large part of them are working balances to finance trade. The rest are covered by gentlemen's agreements between the Bank of England and foreign central banks. These, in effect, keep the balances frozen.



Fords Go on Display in Germany

In the Rhine port of Duisberg this spring, Germans got a look at Ford Motor Co.'s first postwar sales pavilion. Built entirely of glass and steel, the showroom was designed to make the most of German's weak lighting facilities. Trucks, buses, and Ford's new German passenger car are on display. In 1948 Ford turned out some 4,500 trucks and 1,500 passenger cars from its Cologne plant.

Washington, D. C. In 1791, Major Pierre Charles L'Enfant, a young French engineer, stood on the banks of the Potomac with George Washington and envisioned the world's most beautiful capital. "... and there shall be a mile stretch between the Home of the President and yonder hill ... and the stretch will be a scene of great beauty with mansions ... gardens ... sloping lawns ... a great temple ..." L'Enfant's original plan has been expanded into today's historical skyline wherein 63% of all the elevator

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DIVIDEND NOTICE

The board of directors has declared a quarterly dividend of 40 cents per share on the common stock, payable June 15, 1949, to stockholders of record May 25, 1949.

WILLIAM A. MILLER, Secretary-Treasurer



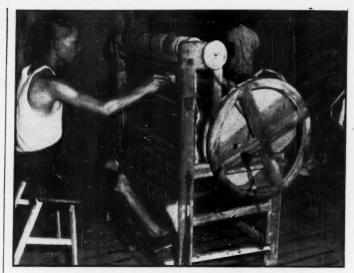
DIVIDEND ON COMMON STOCK

The Directors of Chrysler Corporation have declared a dividend of one dollar and twenty-five cents (\$1.25) per share on the outstanding common stock, payable June 14, 1949, to stockholders of record at the close of business May 20, 1949.

B. E. HUTCHINSON Chairman, Finance Committee



CLOSING DATE, FOR NEXT CLUES SECTION—MAY 27.



CHINA'S LOOMS will be under Communist control when Shanghai falls. They pose a . . .

Problem for Chinese Communists

China doesn't grow enough cotton to keep its looms busy. So it will have to import at least a million bales a year.

SHANGHAI—Communist armies at the gates of this city are about to capture the bulk of China's greatest economic prize—its cotton-textile industry.

• Spinning Center—Almost half of China's 4.9-million spindles operate in 67 plants in Shanghai. China is one of the biggest textile manufacturers in the world; as such, it is one of the principal buyers of U.S. raw cotton.

There is little doubt that the Communists will try to keep China's 200odd cotton mills producing everything they can. They put the mills at Tientsin back to work within a few days after they marched in. They ordered the factories at Wusih, a major cotton-manufacturing center about 50 mi. from Shanghai, to start operating 48 hours after they captured the city.

• Shortage—But the Communists will be plagued by shortages of raw cotton even more than the Nationalists were. There will be no more gifts of cotton from ECA or UNRRA. These sources brought the Nationalists more than 2-million bales between 1946 and early 1949. Even so, they were at least a million bales a year short of enough cotton to keep all spindles busy. The Communists will have to buy at least this minimum of a million bales a year abroad—if they can find anybody to sell to them.

To keep China's mills running, 2.3-million bales of raw cotton a year are needed. The domestic crop is esti-

mated at about 2.5-million bales a year. (China ranks third among world cotton growers.) But home weaving absorbs 60% of this crop. That leaves only a million bales for the mills.

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• Transport—The civil war has disrupted Chinese transportation facilities so much that even this much coton hasn't been available lately. The Nationalists had to resort to such fabulously expensive methods as Gen. Chennault's airlift between Lanchow, Sian, and Shanghai to get even a trickle of domestic cotton to the mills. But with the restoration of river and rail transport in the growing area they control, the Communists will be able to move more local cotton to the mills.

Thanks to this factor, the Communists may have as much raw cotton at their command as the Nationalists had even with U.S. aid. But there will still be that million-bale deficit to make up from purchases abroad.

make up from purchases abroad. India will fill part of this bill. But Indian cotton merchants are afraid that they will have considerably less surplus cotton to sell abroad than they did prewar; that not more than 300,000 bales a year could be sold to China.

• Alternatives—So the Chinese Communists' choices seem to be:

To close down half of their capacity;

(2) To increase the domestic output of raw cotton; or

(3) To find some way to buy cotton

from the U.S., now considered an arch enemy for its aid to Chiang Kai-shek.

• More Machines Needed—If all the cotton mills in China were going full blast, the total output would be around 4.7-billion yards of cloth a year. Some people in the trade think that this, along with the output of home spinning wheels, could take care of China's domestic needs. But textiles will be needed to earn foreign exchange, too. For that, China's textile capacity will have to be increased.

The U.S. is in a good position to supply textile machinery to China. Companies like Saco-Lowell Shops, Boston, are old time suppliers to the Chinese. But the Japanese machinery makers are more likely to get the orders now. Their prices are lower, and they don't

require dollars.

Asian Markets—When the Nationalists were in the saddle, Chinese textile manufacturers talked a lot about developing their market in southeastern Asia—picking off as much of Japan's former business as possible. They planned to export 13.2-million bolts of cloth and 58,000 bales of cotton yarn a year to French Indochina, Indonesia, Siam, the Philippines, Malaya, and Burma.

Actually, the civil war has kept exports down to a trickle. But chances are the Communists will shoot at the same targets, even at the expense of do-

mestic demand.

• Who Will Run the Mills—Private textile mills in China will probably be left alone for a while by the Communists. These mills are exceptionally modern for China. Their executives, engineers, and technicians are among China's

most practical leaders.

The Communists have said their government will run China Textile Industries. Inc. C.T.I. was formed in 1945 by the Nationalist government to run the 1.8-million spindles and 38,000 looms in mills formerly owned by the Japanese. Its charter was supposed to be temporary—to last only until private buyers could be found to run the mills.

It is very doubtful that the Nationalist burcaucrats ever thought seriously about returning C.T.I. to private hands. Some government officials actually hoped to use the corporation to drive private producers out of business and gradually make China's textile industry a state monopoly. If it hadn't been for U.S. insistence that private operators get a fair deal, this might have happened.

 Uses—C.T.I. was useful in other ways to the hard-pressed Nationalist government. Its income was one of the government's primary sources of revenue.
 It probably brought in more money than the tax collectors.

C.T.I.'s output was a two-edged tool in the government's vain attempts to

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control inflation. On the one hand, C.T.I. cloth and yarn could be used to control cloth and yarn prices throughout the country. On the other, its output could be dumped on the market to sop up excess currency.

• Change From Prewar—Of course, no one can say for sure what the Communists will do with China's textile industry. But it is certain to be a far cry from the old days. The industry was originally half foreign and half Chinese. Practically all of it was built in and around treaty ports, where the foreigner enjoyed extraterritorial rights and did business under the protection of foreign gunboats and troops. No war lord or ineffective Chinese government dared put the screws on a Chinese manufacturer whose factory stood fence to fence with a British or Japanese factory.

Now, for better or for worse, the Chinese will run their own industry. The war against the Japanese ended extraterritorial rights in China. The Communists certainly won't be any

easier on foreigners.

BUSINESS ABROAD BRIEFS

Ammonium sulphate plant for Mysore, India, is in the works. Chemical Construction Corp., New York, has signed with the state to build a 50,000-ton-a-year unit.

Holland-Amerika Line is worried over the low-price freight and passenger rates that the Arnold Bernstein Shipping Co. will charge for regular service to Rotterdam and Antwerp. The Dutch fear loss of automobile and frozen-food cargo.

Juicy Orders for Toronto's proposed \$100-million subway may go to British engineering firms. The Toronto Transportation Commission will let its own contracts. And the Canadian government wants TTC to be sure the British get a chance to earn some Canadian dollars.

General Dry Battery's subsidiary at Melbourne, Australia, is expanding. G.D.B. has one of its U.S. engineers on the spot installing new American equipment.

Holland's biggest steel foundry, Netherland Steelfactories de Muinck Keizer, is building a new plant to make quality steel products that the Dutch have been importing.

Gas equipment for the new fertilizer plant that African Explosives & Chemical Industries, Ltd., is building in South Africa will come from Britain's Power-Gas Corp., Ltd.

ECA'S LEDGER

PARIS-Top officials at OEEC here are in a tangle over a new U.S. suggestion to increase the flow of West-European trade. The U.S. has proposed that drawing rights under the Intra-European Payments Scheme should be convertible into dollars.

• What Scheme Is-Under the European payments scheme-you might call it the little Marshall Plan-creditor nations make grants in their own currency to debtor nations to cover the anticipated trade deficit between the two nations over a given period. Between October, 1948, and April, 1949, \$411million worth of such drawing rights were used. The money financed something under 10% of all trade among Marshall Plan nations. In all, 62 treaties have been drawn up under the scheme.

• Strings-From the beginning, the payments scheme has had a serious flaw: Grants are made strictly on a bilateral basis. A British grant of sterling to Italy can be used only to buy in the sterling area, not in Belgium or Sweden.

Since the grants have such a big string attached, some countries have found they cannot use the money. French buyers, for instance, have balked at some British prices. For just this reason it is doubtful whether France will use up all its drawing rights on Britain within the proper time. Actually, Italy has yet to use any of its drawing rights on Britain.

• Competitive Basis-The U. S. suggestion aims at putting payments-scheme buying on a competitive basis. It would allow debtor nations to ask that their payments-scheme grants be converted into dollars if they could not make reasonable purchases in the region designated. Thus, if France found British prices unreasonable, it

could ask London for dollars instead

of pounds. Then the French could buy in the U.S. or anywhere else in the world.

· Objection-The whole idea leaves Britain-a big creditor nation-very cold. It is afraid that all the continental nations getting pound grants will ask to have them converted into dollars on the slightest pretext. That would mean fewer dollars for Britain to use.

Another possibility, as the British see it, is that the payments scheme will die altogether. Then to balance trade, say, with France, Britain would have to buy more French luxury goods. To the British Treasury this is still a fate worse than death.

· Answer-ECA's answer to the British is: "Get your prices down so the French won't want to shift their buying to the U.S.

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The Brannan Plan: A Portent for Business

Secretary of Agriculture Brannan has presented Congress with a new plan to support farm prices and control farm output. He wants it to go into effect in 1950 in place of the Aiken Law, now scheduled to become operative next year.

This is important to business. If the plan becomes law it will greatly affect the farm market, the cost of living, and the size of the tax bill.

At present, farm prices are still being supported at the high levels provided under wartime legislation. Next year the Aiken Law is supposed to continue reasonable protection for the farmer but to cut the cost of peacetime support operations. It calls for varying support prices: high for commodities in short supply, low where surpluses threaten. Minimum prices are almost a third below present supports. So there could be a considerable drop in prices, in farm income and in the cost to the taxpayer as the supply of farm products catches up with demand.

The Brannan Plan

By contrast, here is what the Brannan program would

Maintain farm income: Farm income would be supported at a level equivalent in purchasing power to average farm income for the years 1939-48. For 1950, the Dept. of Agriculture figures, this would be \$26-billion, slightly less than the \$27.5-billion estimated farm income for 1949. The guaranteed level of farm income for future years would depend on changes in purchasing power, that is in prices paid by farmers. It's not likely that prices of feed, machinery, and other goods farmers buy will come down much more. So the government would be committed to support farm income around \$26-billion.

This level is much higher than that assured by present support prices or by the Aiken Law. Under either of these, farm income, with all products selling at support prices, would approximate \$22-billion. That's nearly twice the best prewar total. But Brannan's income support, level would be \$4-billion higher.

Allow lower consumer prices: Under existing legislation, the government supports prices by buying up the farmer's products. These purchases tend to make the support price the market price. The Aiken Law would continue this practice.

But the Brannan bill would confine such buying to storable commodities. This would largely avoid holding up consumer prices. Nonstorable commodities (75% of the value of farm output) would be allowed to find their own price level. The government would see that the farmer received the full support price by paying him a subsidy equal to the difference between the price his product sold for and its support level. But city families, especially those with low incomes, would benefit from cheaper retail food prices.

Boost the cost of the farm program: Secretary Brannan

declined to estimate the cost of his proposal. But Bust-NESS WEEK'S economists figure it at \$3- to \$4-billion in 1950, even if non-farm employment and demand for food stay near present levels. In a year when industrial activity declined 15%-20%, and consumer demand weakened, the cost could be \$6- to \$8-billion.

This is much more than support operations would be likely to cost under the Aiken Law. In the first place, support prices under the Brannan plan would be higher than ever before, according to his own estimates. In the second place, it is more expensive to assure the farmer his price by subsidies than to maintain the price by openmarket buying. The government has to buy only a fraction of the crop in order to hold market prices. But subsidies would have to be paid to every producer. So total payments would be much greater.

Control farm output: This is the only way to avoid big surpluses and keep the cost of the program from getting completely out of bounds. The Aiken Law also provides for acreage and marketing quotas, but it puts its first reliance on shifting support prices to encourage or discourage production. The new program relies 100% on stiff controls. In effect, it makes farming a regulated industry with a guaranteed rate of return.

These four points add up to an even better deal for the farmer than he gets now—if he lets the Dept. of Agriculture tell him what to grow. And city workers would not have to spend so much for food.

The cost to many taxpayers, however, would be higher. The farmer-consumer subsidies would have to come out of increased taxes, principally taxes on corporations, unless we want a whopping addition to the federal deficit.

Questions for Business

From business' viewpoint, the program raises serious questions: How much can taxpayers afford to spend to prop up the farmer? Or to subsidize food purchases? If our cost estimates are correct, the Brannan program cannot be added to the present federal budget without a dangerous addition to the tax load.

The next question is: When you start by guaranteeing an income to farmers, where do you stop? As Senator Aiken has pointed out, you can't just guarantee income to one group. Other groups will demand similar help. Labor spokesmen, for example, may well demand government spending to assure a set level of jobs and wages if farm income supports are carried to the length suggested by Secretary Brannan. And—if the Brannan plan is an example—each extension of federal aid means an extension of federal control.

Congress should weigh these questions in considering farm policy. A successful farm support program must be one whose cost can reasonably be carried by the rest of the economy. And it should be one that preserves the farmer's initiative, with a minimum of government controls.



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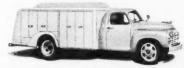


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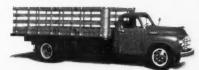
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